

WEST VIRGINIA

Irvin J. Richardson, Bartley.
 Mrs. Maurice R. Walker, Bramwell.
 John C. Blanton, Freeman.
 Mayme E. Marquette, Harpers Ferry.
 John M. Snarr, Romney.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 13, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Spera Montgomery, D.D., offered the following prayer:

Who shall ascend into the hill of the Lord? And who shall stand in His holy place? He that hath clean hands, and a pure heart.

Our Father, may we all rejoice in Thy wisdom. Thou hast said, "My words shall not pass away." O God, may we heed them. They have come down through the ages, through the world's tears, through the world's laughter, through the world's conquests; and let the earth now say, "His words cannot pass away." The sky, the land, the mountain, and the sea shall pass away, but not, but not the word of the Lord. O my heart, O your hearts, let us love His words, so that we will have something to keep forever. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 7982. An act to establish a national military park at the battlefield of Monocacy, Md.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 6462. An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes; and

H.R. 9410. An act providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes.

The message also announced that the Senate had passed bills and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 852. An act to amend section 24 of the Trading with the Enemy Act, as amended;

S. 3645. An act to conserve and develop Indian lands and resources; to establish a credit system for Indians; to provide for higher education for Indians; to extend toward Indians the right to form business and other organizations; and for other purposes;

S. 3675. An act to amend section 5 of the act of March 2, 1919, generally known as the "War Minerals Relief Statutes";

S. 3723. An act to amend the Mineral Lands Leasing Act of 1920 with reference to oil- or gas-prospecting permits and leases; and

S.Con.Res. 20. Concurrent resolution authorizing the printing of additional copies of the hearings held before the Committee on Foreign Relations of the Senate on the resolution (S.Res. 278), "St. Lawrence Waterway", Seventy-second Congress, second session.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On June 8, 1934:

H.R. 7168. An act for making compensation to the estate of Nellie Lamson.

On June 11, 1934:

H.R. 3985. An act for the relief of Charles T. Moll;

H.R. 5334. An act to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226);

H.R. 5522. An act to amend the Standard Baskets Act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms;

H.R. 9180. An act relating to the incorporation of Columbus University of Washington, D.C., organized under and by virtue of a certificate of incorporation pursuant to the incorporation laws of the District of Columbia as provided in subchapter 1 of chapter 18 of the Code of Laws of the District of Columbia; and

H.R. 9280. An act relating to deposits in the United States of public moneys of the government of the Philippine Islands.

On June 12, 1934:

H.R. 5312. An act to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city for public-park purposes;

H.R. 7082. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt and Polk, in the county of Sacramento, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat.L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat.L. 356);

H.R. 7098. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 25, 1866 (14 Stat.L. 239);

H.R. 7317. An act to provide for the final construction, on behalf of the United States, of postal treaties or conventions to which the United States is a party;

H.R. 8687. An act to amend the Tariff Act of 1930;

H.R. 9064. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Grand Calumet River near Clark Street, in Gary, Ind.;

H.R. 9141. An act granting the consent of Congress to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them, or to either of them, to construct, maintain, and operate a bridge and approaches thereto across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., suitable to the interests of navigation;

H.R. 9313. An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.;

H.R. 9320. An act to further extend the times for commencement and completing the construction of a bridge across the Missouri River at or near Garrison, N.Dak.;

H.R. 9434. An act granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington;

H.R. 9567. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; and

H.R. 9585. An act authorizing the city of Sault Ste. Marie, Mich., its successors and assigns, to construct, maintain,

and operate a bridge across the St. Marys River at or near Sault Ste. Marie, Mich.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, may I say preliminary to a unanimous-consent request I am going to submit that I think there is a fair chance for Congress to adjourn Saturday. [Applause.] Understand, I said a fair chance.

Mr. SNELL. I notice that is all the gentleman said.

Mr. BYRNS. I do not say we positively will. But it is certain we will not be able to adjourn Saturday unless we get through with this housing bill as early as possible this afternoon so as to take up some other matters. I hope, therefore, that the committee will speed this bill up as quickly as possible; of course, with due regard to the rights and privileges of the Members.

Now, if we do adjourn Saturday, or if we adjourn, as I verily believe, within a week from now, then it is perfectly apparent that we can pass House bills over here and it will be a mere waste of time unless the matter is so emergent as to appeal to the Senate to take up such House bills and pass them. The Senate today, I am informed, is considering the calendar, and there are 39 or 40 House bills which will be considered today and either passed or rejected. Now, I want to submit this unanimous-consent request, which is similar to one I submitted last Saturday.

Mr. Speaker, I ask unanimous consent that it shall be in order tomorrow to consider in the House as in Committee of the Whole unobjected to Senate bills on the Private Calendar and Senate bills on the Speaker's table, where similar House bills have been favorably reported and are now on the Private Calendar, the call to commence with no. 629 on the Private Calendar.

Mr. CHRISTIANSON. Mr. Speaker, reserving the right to object, what about Senate bills on the Speaker's desk that are not on the Private Calendar where identical bills have been favorably reported by the committee?

Mr. BYRNS. My request includes those Senate bills where a similar House bill has been reported and is now on the Private Calendar.

Mr. MOTT. Mr. Speaker, reserving the right to object, may I ask the majority leader if there will be another opportunity to consider the Consent Calendar?

Mr. BYRNS. It will be considered if possible, but I may say to the gentleman from Oregon that in view of the possible early adjournment of Congress that we ought to dispose of these Senate bills which have a chance to become law.

Mr. MOTT. I think so, too.

Mr. BYRNS. Then, after that, if we have time, we can take up the Consent Calendar or anything else the House wishes to take up.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. SNELL. Mr. Speaker, may I ask the majority leader a question before he takes his seat? Is the majority leader in a position at the present time, or does the gentleman care to tell us, what pieces of legislation are essential to be considered before we can adjourn?

Mr. BYRNS. We are going to pass this housing bill, I think, this afternoon. I understand that it is very essential to pass some bill of this kind before adjournment.

Of course, the deficiency appropriation bill is pending in the Senate committee. I have been informed that possibly it will be reported to the Senate today.

The gentleman from Georgia reminds me that there is an amendment to the Railway Act, but I was speaking of bills to which the gentleman referred.

Mr. SNELL. Those are the pieces of legislation which are actually essential to be passed before adjournment?

Mr. BYRNS. Yes. There may be certain legislation relating to controversies between employers and employees that may be considered, and probably will be. That bill, however, has not been introduced, and I do not know just what form it will take.

Mr. SNELL. But it is not absolutely essential to pass several of the bills for which rules have been reported?

Mr. BYRNS. That is true of some of them. I do not know about all of them. And, then, I may say to the gentleman that if the oil bill is reported out of the Committee on Interstate and Foreign Commerce it is expected that it will be taken up in the House.

Mr. SNELL. That is one bill which I, individually, think should be passed.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BANKHEAD. Of course, I understand exactly the statement made by the gentleman.

In the event, of course, there should be some preliminary delay, it is the expectation of the majority leader to give an opportunity to take up and consider bills in the order of their importance?

Mr. BYRNS. Yes. My earnest desire for the passage of this House bill this afternoon is to allow it to go to the Senate, permitting the Senate to pass the bill, and then throw it into conference and getting it out of conference at the earliest possible moment.

CONGRESS MUST TAKE MAILING PERMIT FROM DISREPUTABLE LITTLE PUBLICATIONS RACKETEERING THE PUBLIC

Mr. BLANTON. Will the gentleman from Tennessee yield to me to make a statement?

Mr. BYRNS. I yield to the gentleman from Texas.

Mr. BLANTON. Mr. Speaker, when a publication secures from this Government a second-class permit to distribute its columns through the United States mails, it obtains a grant most valuable, and it should not abuse it.

There is a dirty, little, disreputable sheet calling itself "The Censor", giving its address at suite 1273, Arcade Building, St. Louis, Mo., but because of its absolute irresponsibility it has not the intestinal fortitude to advise the public the name of its editor, or the name of its publisher, or the name of any individual connected with it, and it does not dare to give the name of the author of any article that appears in it. All it discloses is that it is published by the Censor Co.

On its front cover it has the audacity to tell the few people who ever see it: "Where and what to buy—Censor's advertisements will tell you", and in its issue of June 7, 1934, it was able to carry only 14 advertisements, besides 10 little beauty-shop cards. Its principal advertisement is that of Anheuser-Busch playing up Budweiser. It is surprising that any respectable business concern would ever pay out one cent to advertise in such an ignorant, irresponsible, disreputable little excuse for a magazine as the Censor. Having no standing whatever, an ad appearing in its columns reflects discredit upon the advertiser. And just as other advertisers quit it, the remaining 14 will not throw away their money much longer.

There are 491 press correspondents have seats in the press gallery of the Senate and House of Representatives. Instead of having one of these men with opportunity to know the facts send it reliable information about Senators and Congressmen, this muck-raking little sheet, the Censor, got some ignorant little hound to send it a lot of bunk anonymously under the name of Du Bignon, which, in said issue of June 7, 1934, accused President Franklin D. Roosevelt and Secretary of State Cordell Hull of being "inconsistent demagogues" and referred to our Democratic leaders in the Senate as "the bombastic JOE ROBINSON, of Arkansas, and the feather-brained PAT HARRISON, of Mississippi."

No one in Washington ever heard of Du Bignon. It is cowardly for anyone to write such attacks anonymously. It is cowardly for any sheet to publish such irresponsible, ignorant, lying, anonymous attacks.

Of course, we will not have time to do it in this session, but next year the Congress ought to take steps to annul the second-class mailing privilege of such irresponsible, disreputable, little so-called "publications" as the Censor.

SHALL WE CONTROL "HOT OIL", OR SHALL WE ALLOW OUR INDEPENDENTS TO BE RUINED AND FORCED OUT OF BUSINESS BY THE DUTCH SHELL AND ANDREW W. MELLON'S GULF MONOPOLIES?—THAT IS THE QUESTION

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and for permission to incorporate some exhibits in connection with several matters I desire to discuss.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, I am grateful to my colleagues for granting me this privilege. I want to present to the Congress the urgent necessity for passing before we adjourn the oil control bill, which has been inexcusably delayed and shunted around for so long a time.

The West Texas Chamber of Commerce is the largest and most active institution of its kind in any of the 48 States. It is second in size only to the United States Chamber of Commerce. Since its organization its headquarters has been located in my district, at Stamford, Jones County, Tex. Jones County is the banner cotton county of Texas, and no finer people live anywhere in the world. There are 7,000 members and 189 towns and cities affiliated with the West Texas Chamber of Commerce. One of its able presidents was Hon. Houston Harte, of San Angelo, Tex. It has had many worthy presidents who were selected from the leading, outstanding, substantial business men of western Texas, who have reflected honor upon it and the State and Nation.

HON. ROBERT W. HAYNIE

Among its many able and distinguished presidents, I mention Judge Robert W. Haynie, one of the leading lawyers of my home city of Abilene, who at great personal sacrifice devoted much time to upbuilding the interests of west Texas. Linked with its history is the faithful, loyal, devoted service which, as its manager, Hon. Homer D. Wade rendered to it for several years. Its present manager is Hon. D. A. Bandeen, who is constantly alert to serve all of the people of west Texas to the very best advantage possible.

The West Texas Chamber of Commerce is whole-heartedly behind this oil control bill. It has been doing everything within its power to protect and save the independent oil operators in Texas. It has sent one of its former worthy presidents, Mr. W. B. Hamilton, of Wichita Falls, to Washington in an effort to get this measure favorably reported. All that is needed to pass it is to get the committee to report it so that the House can vote on it, for it will pass whenever Members of the House are given an opportunity to vote for it. The President of the United States has asked that this bill be passed. The Secretary of the Interior, Hon. Harold L. Ickes, has insistently urged its passage. The argument made by Hon. W. B. Hamilton, as representative of the West Texas Chamber of Commerce, at the hearing before the committee here, is unanswerable. And on behalf of the West Texas Chamber of Commerce, which in part I have the honor to represent here in Congress, I now incorporate as a part of my extension his said able argument, to wit:

STATEMENT OF W. B. HAMILTON, OF WICHITA FALLS, TEX., BEFORE THE INTERSTATE AND FOREIGN COMMERCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES, IN BEHALF OF THE ADMINISTRATION OIL CONTROL BILL

Mr. Chairman and gentlemen of the committee, my name is W. B. Hamilton. I live in Wichita Falls, Tex. I have been an independent oil producer for the past 19 years. For 10 years I was president of a large independent oil company engaged in producing, transporting, refining, and marketing crude oil and refined products.

There is no part of the operation of oil production from the geological work to the marketing of the finished product that I have not personally performed. At the present time I am producing oil in the east Texas field, in the Conroe field in south Texas, and in the fields of north Texas and west Texas.

I am here representing the West Texas Chamber of Commerce, a commercial organization second in size only to the United States Chamber of Commerce. We have 7,000 members, 189 towns and cities affiliated with the regional organization. The program of work is divided between four main committees. For the past 7 years, except the 1 year when I served as president of that organization, I have been chairman of the oil and gas committee. Serving on the committee are producers, refiners, marketers, and persons interested in the oil business only as consumers of petroleum products. This committee makes a very careful

study of the problems confronting the oil industry, and of proposed legislation affecting the conservation of oil and the cost of petroleum products to the consumer.

My training in petroleum engineering and in law while in college and my experience in the oil business has made me a strong advocate of the conservation of the oil and gas resources of the Nation. I saw the great oil field at Burkburnett, Tex., wasted, where three-fourths of the oil was left in the ground, never to be recovered. We producers either did not know the value of conserving the gas energy in the sand or else we were so determined to beat the other man to capture the largest quantity of oil out of the common pool that we followed very wasteful methods of producing oil in that very rich field. I saw the great Powell field in the east central Texas turned to water, with but a small portion of the recoverable oil taken from the sands. I saw the great Seminole field in Oklahoma wasted in the race between operators to get the most oil out of a common pool. It was not the operators in those fields alone who lost, it was not the States of Oklahoma and Texas alone who lost, it was the Nation that lost by the waste of this irreplaceable natural resource. Today there is great waste of this natural resource in almost every flush-oil field in the Nation.

Gentlemen, this is not a State matter you have before you. It is a national problem. If the other States are going to furnish a market, they have a right to say to the oil-producing States, "This irreplaceable natural resource, which is a necessity to the commerce and to the convenience and happiness of our people, must be conserved." The Federal Government has a definite duty to the people of this Nation to see that the oil resources of this Nation are conserved, that the oil is produced in that orderly manner necessary to the maximum recovery of the oil in the sand, to the end that the source of supply is protected and that the cost of refined petroleum products to the consuming public is kept at a reasonable level.

It will be my purpose to show you the need of a Federal law to assist the States in the conservation of the natural resources of oil and gas and to show you that this proposed law will bring about the conservation of these resources and that, in addition, it will protect the consuming public from the higher cost of petroleum products.

For many years it was the common practice of oil producers upon the discovery of a new pool of oil, to flow the wells to capacity, and to take the cream off of the oil pool. There was a mad race between the producers to get their wells completed and very wasteful methods were used by each producer in his effort to get a larger quantity of oil out of the common reservoir than his neighbor procured. Great quantities of natural gas were blown into the air. Salt water encroached from the bottom of the sand and from the edges of the pool. When the wells ceased to flow or the quantity of oil which they would yield did not justify such methods as air lift and swabbing, the wells were placed on the pump in an endeavor to produce whatever amount of oil could be recovered in that fashion. The operators would then seek out a new pool and take the cream of the supply therefrom in a similar manner, and so on and on. If an enlightened public opinion had not called a halt there would have been a very serious shortage of crude oil today. Many very valuable pools would have been wasted and fully two-thirds of recoverable oil would never have been produced. The plan of most of the opponents of this bill is to get a small lease in a given pool, drill a great number of wells thereon close together, flow their wells to capacity, take out a large quantity of flush oil, place it in commerce at whatever price it can bring and then go on to the next pool and repeat their rapacious practices.

We are consuming almost 1,000,000,000 barrels of oil per year. The present known reserves of crude oil in the United States is approximately 10,000,000,000 barrels, that is, if conservation methods of recovery of this oil are strictly followed. About four and a half billion barrels in flush fields and five and a half billion barrels in pumping fields. These known resources would not last for 10 years if the oil was produced in a wasteful manner. We must discover a billion barrels of potential oil per year to meet the consumptive demand. With the increased geological information and the development of the science of geophysics and its application to the discovery of oil deposits, this demand will be met. Shall these new pools which surely will be discovered be conserved or wasted?

Every consumer of gasoline and other petroleum products is deeply concerned in the conservation of this natural resource. Every wheel in industry, our entire transportation system, the carrying on of the commerce of the Nation, the economic life and the social life of the people of this Nation are dependent upon the certainty of supply of crude oil and the ability to secure refined petroleum products at a reasonable price level.

The opponents of this bill take the position that the way to make certain the supply of petroleum products at a low price level is by wasting this natural resource. In answer to questions of the chairman and members of this committee most of them said they were opposed to any kind of regulation of the production of oil by either State or Federal Government. "Give us free competition in the production of oil without any control", said the witness from New York. The man from California said the same, and the witnesses from Texas opposed to this bill have advocated the same policy for many years. One man from Louisiana said he believed physical waste should be prevented. He made the remarkable statement that this proration program always built up great potential supplies of crude which weighted down the price of oil.

You cannot prevent physical waste except by holding production down to consumptive demand. I agree with him the control of production to consumptive demand builds up a great potential reserve supply of crude oil. Gentlemen, I would add this fact, that where there is no proration the oil reserves are wantonly wasted underground, and a tremendous economic waste of a great natural resource is sure to follow.

In the fall of 1926 two highly productive pools of oil were discovered in west Texas. One was the Yates Pool in Peccos County, the other was the Hendricks Pool in Winkler County. The average well in the Yates Pool had a potential production of about 30,000 barrels per day. The average well in the Winkler Pool was about the same. I went before the Texas Railroad Commission, which was charged with the responsibility of conserving the natural resources of oil and gas, and asked that these two pools be put under proration; that is, pro rata division between the operators in the same common pool or reservoir of oil of the total amount to be taken from the pool each day. Our application was fought by many of the men who are opposed to this present bill, also by a major oil company which was buying the oil at a greatly reduced price from one of the men who opposed the order. Most of this oil was going directly into interstate commerce, all of it affected interstate commerce. The commission had not then, nor has it now, any power to keep oil out of commerce. This was the first application for a proration order in Texas.

The order was issued.

In the Yates pool the operators, both major and independents, because of enlightened self-interest, obeyed the conservation order, but in the Winkler County field there were two operators who refused to do so. We pleaded with them. We pointed out to them that if they continued to flow to its capacity the well which they had on a 10-acre tract in the heart of the field they would bring water into the field; they would enrich themselves but would destroy a great oil field in west Texas. They told us to go to. They said it was their oil and would produce it as they pleased. We called to their attention that other operators would be forced to open their wells and produce them to capacity. They replied they would get all the oil out before the other operators got their wells drilled.

Wells were rushed to completion surrounding this 10-acre tract. When they were completed they too were flowed to capacity. The offsets to the latter were opened up, and on and on throughout the pool. Soon all the wells were making water. Billions of feet of natural gas which should have been kept in the producing strata for the purpose of flowing oil and for the purpose of preventing the encroachment of salt water were blown into the air. The field was ruined because two operators refused to be good neighbors.

In the Winkler pool the wells are producing 15 barrels of water to 1 barrel of oil, while in the Yates pool there is practically no water being produced in the field. In the Winkler field the cost of lifting this fluid to the surface by artificial means is almost prohibitive, while in the Yates pool the wells are still flowing and upon actual gages show as much potential production as they did 8 years ago. They will be flowing for the next 15 years if every operator in the field abides by proration set up in that field. These two pools should have produced a like quantity of oil per acre. It is now conceded that due to the conservation methods being used in the Yates pool the ultimate recovery of oil from this field will be three times as much as will be recovered from the Winkler County field.

The experience in these two fields in West Texas should be sufficient proof to any honest man of the necessity of strong conservation laws, both State and National, to conserve the natural resource of crude petroleum.

In the great east Texas field havoc would be wrought very quickly if the law-abiding operators followed the same practice as the "hot-oil" thieves in that field are following. It would go to water like Powell field did. At least a billion barrels of oil would be left in the sand in that field which would never be recovered.

We went before the Texas Legislature in January 1927 and asked for the passage of a conservation law giving the railroad commission power to curb production in order to prevent economic waste as well as physical waste. The bill, as finally passed after a very long struggle, permitted the commission to make conservation rules to prevent physical waste, but they were definitely restrained by law from considering economic waste in issuing proration orders. Many of the same persons who opposed this bill before the Texas Legislature at that time and who opposed the bill at every regular or called session thereafter are here trying to defeat this bill. They now say we have a good law, but they told the Texas Legislature it was a bad law. Their cry then was the same as it is here that the law will destroy the independents and benefit the majors. These persons represent a very small minority of the independent oil producers of Texas. They represented but a small portion of the independent producers at that time. It took us a long time to get the true facts before the Legislature of Texas, but when we finally did in January of this year the legislature passed house bill 99, giving the railroad commission the right to issue orders prorating Texas oil production to consumer demand. This bill was passed by the House, 125 votes to 15, and in the Senate by 24 votes to 1. The essential elements of this law are the same as we tried to get passed by the legislature in regular and called sessions for a period of 7 years.

During this period of inadequate conservation laws and invalid proration orders promulgated thereunder, a "hot-oil" racket has become so firmly established in Texas that the Texas Railroad Commission, even though it tried its best, could not dislodge these "hot-oil" thieves without the aid of the Federal Government.

If the members of the Texas Railroad Commission were thoroughly interested in conserving the oil resources of Texas, they would follow the example of the Governor of Texas and wire President Roosevelt that they believe this bill should be passed by Congress at once.

The conservation of natural resources is not a new function for the Federal Government. It is now engaged in reforestation work in a number of States. The frightful waste of our forest reserves is well known. There are men living today who saw the great virgin forest around the Great Lakes utterly wasted. Compare that waste with the conservation of timber now practiced in the great national forests which were set apart on the public domain by Gifford Pinchot, Secretary of the Interior under President Theodore Roosevelt. From these forests there have been cut millions of feet of lumber each year, yet there is more timber standing in these national forests today than at the time they were set apart. It is the difference between conservation and waste.

The effect of producing a natural resource in quantities above the consumptive demand is shown in the case of the production of lumber. Each producer in Wisconsin tried to get his lumber on the market before his neighbor did. Lumber sold on an average of \$3 per thousand feet. No one made any money out of the production of lumber from that great forest except a favored few. The consuming public had cheap lumber for a while, but now in the same communities people who saw their virgin timber manufactured into lumber and sold for \$3 per thousand feet are now paying \$70 to \$90 per thousand feet for an inferior lumber.

To a degree lumber is replaceable. But oil is a one crop. It is irreplaceable. Also one producer of lumber could cut his timber or leave it standing where it would grow and become more valuable. But not so with oil production. One operator in an oil field can cause the complete destruction of a pool.

If this bill is enacted into law this destructive waste of this great natural resource can be stopped, and without this Federal law it cannot be stopped.

More and more producers of oil have learned that enlightened self-interest demands that they conserve this natural resource. They have learned that they can secure three times as much oil from a given sand by conserving the gas and control the encroachment of bottom-hole water. They have learned that these conservation methods not only enable the operator to get more oil out of the common reservoir but also at a less cost per barrel. But in each field there is a vicious few, some enriched on hot oil, some selfish by nature, some so rich they neither fear nor care what the other man does, those who want to get rich quick at the expense of their neighbors, and those persons engaged in selling stock in producing and royalty companies, all entrenched in gold and political influence which brings on a situation which caused the President of the United States to ask Congress to pass the proposed bill at this session.

Where a State has no board set up to conserve the oil and gas resources under this bill, the Federal Government can go into the pools of that State and say to the operator, "You produce your oil according to a rule for conservation or your oil cannot go into the channels of commerce. It will be embargoed on the lease where it is produced."

Where a State has a board or commission set up charged with the responsibility of conserving this natural resource so vital to the business and to the happiness of the whole people of the Nation, how would this bill bring about the conservation of oil in that State?

Under the bill the Federal Government sets a quota in commerce for each State, its part of the national consumptive demand. This quota is distributed by the State board between the various pools of the State and between the various operators in a given pool. If each operator produces only the oil prorated to him, the sum total of the amount produced by all the operators in the State will equal the total quota to enter commerce allocated to the State. If the total oil going into commerce exceeds this quota, then the Federal Government can go into the State and stop the "hot oil" on the lease where it is produced before it enters commerce. But in the commerce in petroleum it is impossible to separate intrastate commerce from interstate commerce. It is so intermingled, and the one so burdens the other that they cannot be separated. This was held in the recent circuit court decision in New Orleans in the Amazon case.

If the State regulatory body does not get the allowable for the entire State as high as that announced by the Federal Government as the consumptive demand for oil produced in that State, how will this bill bring on the conservation of the natural resource of oil? That situation will hardly happen. You can depend on public sentiment to force the State governing body to set the allowable as high as the quota in commerce set for the States will permit.

Also, you can count on the producer of crude in a given pool to report both to Federal agencies and State agencies when an operator is producing beyond his pro rata share of the outlet of the pool, if he believes something is going to be done about it. It is very difficult for a State conservation agency to divorce itself from political influence, particularly where the members of the conservation commission are elected by popular vote. The tendency is to build up the necessary political machine to reelect themselves to office. At every proration hearing affecting any pool of oil they must give due consideration to the weight of the political influence of those for or against the proposed order. The influence of the group which is not interested in conservation methods in the production of oil and the group which is producing

hot oil have had great weight with the commission. In Texas the industry has lost confidence in the railroad commission. That confidence can be regained only if the commission either voluntarily or involuntarily makes more effective the enforcement of its orders. There could be no more effective method to assist the elective conservation commission in a State to rid itself of the influence of the groups that try to break down proration and bring about uncertainty in proration orders and their enforcement than the assistance that this bill will give those bodies in bringing about the conservation of the oil resources of the State through the controls of quotas in commerce.

The "hot-oil" producer who would destroy the natural resource, steal his neighbor's oil from under his neighbor's lease while his neighbor was obeying the law and orders of the conservation commission, would have his oil embargoed on his lease where it was produced. It could not enter commerce. He could not get a quota in commerce for his production beyond his prorata part. The oil and gas resources of a given pool can be conserved only when every operator is forced to take from his well only his prorata part. Unequal withdrawals bring about untold underground waste, and the flooding of the market with this stolen oil places a tremendous burden upon commerce. Uncertainty in the law and in the regulations means prosperity for those who wish to break the law and steal his neighbor's oil. Without this law, wanton waste will continue in all the producing States.

The only remedy the State has to prevent "hot oil" from being produced is the assessment of a penalty. In the State courts conviction is about as uncertain whether the accused is a bank robber or a producer of "hot oil." The State conservation body cannot prevent hot oil from entering commerce. As previously stated, it is physically impossible to separate intrastate from interstate commerce in petroleum and its products. This law would give the additional governmental supervision necessary to force each operator in the field to observe conservation methods of production. The Federal agency would have the most powerful of all weapons; that is, the right to stop the "hot oil" from entering commerce.

If this bill is enacted into law the consuming public will be protected against an unreasonable cost for refined petroleum products.

1. The source of supply will be conserved. The flush fields can be produced in an orderly way so that the maximum number of barrels will be recovered and at the minimum cost per barrel. This will cut down the cost to the consuming public because the source of supply is assured and the cost of producing the raw product is held to a minimum. The saving of the 300,000 stripper wells, the real backbone of the source of supply, will tend to cut the cost of gasoline to the consuming public because if they are abandoned new pools must be discovered to provide the oil which these wells would produce. One of the greatest costs of gasoline to the consumer is caused by waste underground.

2. The tremendous cost of storing oil above ground will be saved. Loss by fire, loss by evaporation, loss by deterioration of the raw product, the tax cost, insurance cost, the large interest charge on the investment in the oil, and the steel storage is a tremendous charge upon the consuming public.

3. The seasons of plenty and seasons of famine, with the attendant cost to the consuming public will be done away with.

4. This law will prevent monopoly in the oil business. The law-abiding independent oil producer and refiner is being ground to death between the hot-oil thief and the major companies. The large, well-financed majors can withstand the flood of oil when it enters commerce in quantities more than the market will consume. The major company can store the flood of cheap crude and refine it when the price goes up. They have the facilities and the money. I believe there are some major companies who are secretly fighting this bill in order that a chaotic condition can be brought about so they can fill millions of barrels of empty storage with 25-cent crude oil.

The law-abiding independent and law-abiding refiner will be destroyed if this bill is not enacted into law. When they are destroyed you will have monopoly and the consuming public will pay the bill. A tragic economic catastrophe is sure to follow. Schools will be closed in the oil country, prosperous communities will be impoverished, tens of thousands of men will be thrown out of employment, wages will be cut, hundreds of banks will either close their doors or the R.F.C. will be forced to take them over. No wonder the Texas Bankers' Association unanimously voted a resolution asking that this bill be passed at this session of Congress. The East Texas Chamber of Commerce has petitioned Congress to pass it; the West Texas Chamber of Commerce, on the 14th of this month in convention in San Angelo, Tex., after hearing the bill denounced by Colonel Thompson, of the Texas Railroad Commission, unanimously voted a resolution requesting Congress to pass this bill at this session; the business and commercial organizations of Texas ask it; the independent oil men of the Nation ask it, except a little handful who oppose it. Among those so-called "little independents" are some of the richest oil men in Texas. The coal men of the Nation will be ruined unless the production of crude oil is held to consumptive demand and "hot-oil" production is stopped.

Should the whole Nation suffer in order that a few very rich men may become wealthier and so that a few promoters who sell stock in producing and royalty companies may get rich quick?

Gentlemen of the committee, you will see such an abandonment of stripper wells in every oil-producing State, such a wanton

waste of an irreplaceable natural resource, such chaos in marketing in every State in the Union, that you will be called back in session, and you will force every law-abiding independent to come here on his knees and ask you to do the thing he would hate most to see done—a law providing for the complete regulation of the oil industry. The consuming public through the marketers will be here doing the same thing. So will the majors themselves. Gentlemen, save us from such a day.

If this bill is not passed, the only way this catastrophe can be escaped is for the law-abiding producers to sit by and see their oil stolen from them, to sit by and see their properties flooded by water, to sit by and see the gas energy wasted into the air, to sit by and see this needed natural resource wantonly wasted. The ordinary economic laws that govern the manufacturing of such products as shoes, clothing, goods made from steel, and so on, are not applicable to the refining of oil, because of the difference in the nature of the raw product, and the ease with which it can be turned into a usable product. The shifting of markets from the legitimate law-abiding independent refiner to the "hot-oil" refiner with a flood of cheap gasoline made from stolen oil is so rapid it is utterly destructive of legitimate business.

The law-abiding independent refiner will be forced to become a "hot-oil" refiner or shut his plant down and let it go to rust.

Gentlemen, surely you will not exact that penalty of us in order that a very few oil men may get rich quick and come up here and defeat legislation, and go to Austin and the various other State capitals and defeat laws and valid proration orders, and permit the natural resources of crude oil in this Nation to be destroyed upon the altar of greed.

Finally, gentlemen, in the light of the disturbed international relations, the default or the repudiation of debts due the United States, the control of the foreign supply of oil by these nations, the possible need of a large supply of fuel oil and gasoline by our Navy, will you adopt a national policy with regard to the conservation of this irreplaceable natural resource which leaves the matter of determining the type of conservation, if any, of this resource entirely to the State producing the oil? Will you support the President of the United States, who has asked for this legislation. It is only he who knows the international situation.

W. B. HAMILTON,
Wichita Falls, Tex.

(Representing the West Texas Chamber of Commerce, main office, Stamford, Tex.)

ORDER OF BUSINESS

Mr. O'MALLEY. Has the gentleman from Tennessee any idea as to whether the pension bill will come up?

Mr. BYRNS. I have an idea that the bill may come up, and I hope it will.

Mr. PETTENGILL. Mr. Speaker, the committee has reported the railway pension bill by an almost unanimous vote this morning, having adjusted their differences in committee, and I hope that bill may come up also.

Mr. BYRNS. I understand the Senate has that bill under consideration now and will dispose of the matter today. I do not know what the situation may be later.

Mr. PEYSER. Mr. Speaker, I demand the regular order.

THE UNEMPLOYMENT CENSUS

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the unemployment census bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, no one knows accurately the total amount of unemployment or where it is located. Conditions have changed radically since 1930. It is therefore said with a good deal of conviction that an unemployment census will probably save its cost several times over in the more intelligent use of funds for the solution of this problem.

But the census is to begin on November 12, 6 days after the election. It is said that that is an ideal time to take the census, especially in the agricultural sections of the country. Let us grant that. Still, that date lays the whole thing open to the charge, whether just or unjust, that it is designed to influence the election.

That charge ought to be avoided at all hazards. Caesar's wife should avoid not only evil but the appearance of evil. So should the United States Government.

The census, if it is to be taken, ought to be farther removed from the election, either ahead or behind.

The prime asset of government is the confidence of its citizens. In the last analysis it is its only asset. I will not vote to impair it.

COMMITTEE ON ACCOUNTS

Mr. WARREN. Mr. Speaker, I ask unanimous consent that for the remainder of the session the Committee on Accounts may be permitted to sit during the sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

PAUL JELNA

Mr. HILL of Alabama. Mr. Speaker, I call up the conference report on the bill (H.R. 3032) for the relief of Paul Jelna.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3032) for the relief of Paul Jelna, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

LISTER HILL,

E. W. GOSS,

Managers on the part of the House.

MORRIS SHEPPARD,

M. M. LOGAN,

ROBERT D. CAREY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3032) for the relief of Paul Jelna, state that the effect of the Senate amendment was to deny the beneficiary of the bill the right to make a claim for pension. The elimination of the amendment gives this right to the beneficiary.

LISTER HILL,

E. W. GOSS,

Managers on the part of the House.

Mr. HILL of Alabama. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

WILLIAM G. BURRESS, DECEASED

Mr. HILL of Alabama. Mr. Speaker, I call up the conference report on the bill (H.R. 2439) for the relief of William G. Burress, deceased.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2439) for the relief of William G. Burress, deceased, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

LISTER HILL,

E. W. GOSS,

Managers on the part of the House.

MORRIS SHEPPARD,

M. M. LOGAN,

ROBERT D. CAREY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2439) for the relief of William G. Burress, deceased, state that the effect of

the Senate amendment was to deny the beneficiary of the bill the right to make a claim for pension. The elimination of the amendment gives this right to the beneficiary.

LISTER HILL,

E. W. GOSS,

Managers on the part of the House.

Mr. HILL of Alabama. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

JOHN P. LEONARD

Mr. HILL of Alabama. Mr. Speaker, I call up the conference report on the bill (H.R. 541) for the relief of John P. Leonard.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 541) for the relief of John P. Leonard having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

LISTER HILL,

E. W. GOSS,

Managers on the part of the House.

MORRIS SHEPPARD,

M. M. LOGAN,

ROBERT D. CAREY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 541) for the relief of John P. Leonard state that the effect of the Senate amendment was to deny the beneficiary of the bill the right to make a claim for pension. The elimination of the amendment gives this right to the beneficiary.

LISTER HILL,

E. W. GOSS,

Managers on the part of the House.

Mr. HILL of Alabama. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMERICAN LEGION CONVENTION

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 9123) to authorize the Secretary of War to lend War Department equipment for use at the Sixteenth National Convention of the American Legion at Miami, Fla., during the month of October 1934, with Senate amendments, and agree to the Senate amendments.

The Clerk read the Senate amendments, as follows:

Page 1, line 7, after "cots", insert "and."

Page 1, lines 7 and 8, strike out "and mattresses or bed sacks."

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

INCREASED COST OF GOVERNMENT CONTRACTS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H.R. 9002, an act to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause down to and including line 23, on page 2, and insert:

"That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle on a fair and equitable basis claims of persons who entered into a contract or contracts with the United States prior to August 10, 1933, including subcontractors and materialmen performing work or furnishing material or necessary fuel direct to the contractor under such contracts, for additional costs incurred by reason of compliance on and after August 10, 1933, with a code or codes of fair competition approved by the President under section 3 of the act approved June 16, 1933, known as the "National Industrial Recovery Act", or by reason of compliance with an agreement with the President executed under section 4 (a) of said act in the performance after August 10, 1933, of the contract or any part thereof. In the event that such contract was performed wholly or in part by a surety on the bond of the contractor, the claim may be presented by and settlement made with such surety, but such surety shall have no greater rights than would have accrued to the contractor had such contractor completed the contract. Any contractor, subcontractor, or completing surety desiring an adjustment and settlement with respect to any such contract under this act for increased costs incurred after August 10, 1933, by reason of compliance with the codes or reemployment agreements shall file with the department or administrative establishment concerned a verified claim itemizing such additional costs, and any subcontractor on any such contract may file his claim directly with the head of the department or independent establishment concerned or through the contractor. After the claim has been examined by the head of the department or independent establishment concerned, or such person or persons as he shall designate, the claim shall be transmitted to the Comptroller General of the United States, accompanied with an administrative finding of fact and recommendation with respect to the claim."

Page 2, line 23, strike out "3" and insert "2."

Page 2, line 23, strike out "award" and insert "allowance."

Page 3, line 5, strike out "4" and insert "3."

Page 3, line 5, strike out "award" and insert "allowance."

Page 3, lines 8 and 9, strike out "The agency or agencies to be created or designated thereunder" and insert "The head of the department or establishment concerned, subject to the approval of the Comptroller General."

Page 3, strike out lines 12 to 17, inclusive, and insert:

"Sec. 4. No claim hereunder shall be considered or allowed unless presented within 6 months from the date of approval of this act or, at the option of the claimant, within 6 months after the completion of the contract, except in the discretion of the Comptroller General for good cause shown by the claimant."

Page 3, line 18, strike out "6" and insert "5."

Page 3, strike out lines 21 to 25, inclusive, and insert:

"Sec. 6. In all proceedings under this act witnesses may be compelled to attend, appear, and testify and produce books, papers, and letters or other documents; and the claim that any such testimony or evidence may tend to incriminate the person giving the same shall not excuse such witness from testifying, but such evidence or testimony shall not be used against such person in the trial of any criminal proceeding. Nothing in this act shall in any way relieve or excuse any officer of the United States or any claimant from prosecution under any statute of the United States for any fraud or criminal conduct."

Page 4, strike out lines 1, 2, and 3.

Mr. SNELL. Mr. Speaker, will the gentleman from Texas yield for a question?

Mr. SUMNERS of Texas. Yes.

Mr. SNELL. I have been told that practically the only change is that the Senate amendment places the responsibility for these settlements with the Comptroller General instead of a commission.

Mr. SUMNERS of Texas. It is my understanding that is the only material change. I did not examine this bill with the Committee on the Judiciary of the House yesterday, but it was examined by the committee, and they agreed that really the Senate amendment improved the bill.

Mr. SNELL. I should think so.

Mr. DOWELL. And it was a unanimous report of the committee?

Mr. SUMNERS of Texas. It was a unanimous report, I am advised.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

THE ECONOMIC OUTLOOK

Mr. COLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein a radio address delivered by my colleague the gentleman from Maryland [Mr. GOLDSBOROUGH].

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. COLE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following radio address of Hon. T. ALAN GOLDSBOROUGH, of Maryland:

I have said I was going to talk about the economic outlook. For the purposes of these remarks, what I mean by the economic outlook is just how the middle and poorer classes of our people are going to fare in the immediate future.

It has often been said that the American laborer is better off than his brother elsewhere in the world, whether in Europe, Asia, or any part of the Americas outside of the United States. This statement is true and is even given as an excuse for our letting conditions alone and not attempting to improve them.

Neither labor nor agriculture has ever received its fair proportion of any country's production, and this statement is as true of the United States as it is true of every country in the world, although, because of the greater enlightenment of the American people, labor is in a better position than it is elsewhere.

It has been conservatively estimated that the actual and potential production of the American people is sufficient to justify a distribution annually of the good things of this world to every family in the country to the equivalent of what could be purchased with \$20,000. In other words, it has been shown that the American people are able to produce enough for every family in the country, irrespective of station, to have an income equivalent to around \$20,000 a year if the wealth were equally distributed. Of course, the wealth cannot be equally distributed, because higher ability justifies higher earning power; but even giving full weight to this consideration, there is no reason why there should be any poor people in this country.

The truth of the matter is that ever since about 1820, when the harvester was invented, the genius of the American people has been devoted to the problem of production and the problem of distribution has been overlooked.

It is an interesting fact that the philosophy of Francis Bacon, described as a philosophy of inductive reasoning and experimentation, began to make its impression upon the people of this country during the first quarter of the nineteenth century, from which time until now we have largely lost sight of the deductive reasoning process necessary to an understanding of just principles of distribution.

The first thing necessary is a realization among our industrialists that the only way they can keep their factories on a full-time and profitable basis is to see to it that buying power is furnished to the masses of the people, in general, to agriculture and the laboring classes, that good prices for basic agricultural products, such as wheat, corn, cattle, hogs, milk, butter, etc., are sustained, and that wage scales are built up to a point where the masses of the people will be able to buy.

The present administration is making a mighty effort along these lines and is also endeavoring to cooperate to make unnecessary child labor and to guarantee security for the aged and insurance for the unemployed. It is, of course, perfectly obvious that the only sound principle for the distribution of the Nation's wealth is the principle of justice and not the principle of charity and when we learn what justice is in the light of distribution and carry out its principles, charity will be unnecessary. Justice is more august than charity, but until we have a better understanding of how to get the country's enormous production to the masses of the people, we should provide them with insurance when they are unemployed and with pensions when they are old. No one in a country as rich as this should ever be subjected to the humiliation of public charity; society's recognition of human dignity should absolutely prevent this.

On the subject of old-age pensions I have been consistently working since 1930. I prophesied then that the recently enacted laws of New York and California providing for old-age pensions would be successful in their operation and that the result of the operation of these laws would cause like legislation to be passed in the various States and by the National Congress. At the end of March 1934 there were 50,640 old-age pensions being paid in the State of New York, and 16,068 old-age pensions being paid in the State of California. There is still a chance of our securing old-age pension legislation in the American Congress before its adjournment, and I have no real doubt that it will certainly be secured in the next Congress.

I have recently been in consultation with some very influential people in my own State of Maryland, and there is going to be a concentrated effort made in the next Maryland Legislature to pass compulsory old-age pension legislation. Of course, every effort to change conditions favoring the under dog is combated everywhere by entrenched wealth and power. This is a situation we cannot change and one which causes delay in the passage of humanitarian legislation. The necessity of a change in our monetary system is a matter about which the American Congress is becoming increasingly conscious.

About one-tenth of our currency is real money and about nine-tenths of our currency is check money, which is the result of loans extended by banks and which are redeposited and checked on so that about 0.9 of our money is simply a by product of private banking operations; and when banks are engaged in the process of collecting loans made by them, our currency is contracted. To illustrate: In normal times the deposits in all banks of the country are about \$55,000,000,000. The deposits

now amount to something less than \$35,000,000,000. Expressed in another way, the credit currency of the country has been reduced about \$20,000,000,000 below normal. Under conditions such as these it is impossible to transact the business of the country.

Society, which is represented by the Government, should furnish itself with a dependable medium of exchange that actual money can be placed in circulation during a period when the banks are not performing their normal functions, which money can be taken out of circulation when the banks resume their usual loaning operations.

Daniel Defoe, whom we all remember as being author of Robinson Crusoe, was also in his day an authority on monetary matters. Writing in 1701, Defoe said: "Trade always bears a proportion to money and credit; and consequently, they who by any methods diminish the stock of cash or credit equally injure our trade. The calling in our coin visibly put a stop to trade, because the stream which drives the mill * * * was ceas'd. * * * Whoever wounds the public currency of proper credit is robbing the nation of so much stock * * * and trade must decline accordingly." At that time the same general situation of property in the midst of plenty appears to have existed. Writing in 1729, Defoe says: "The poor * * * wanted bread; the wool lay on hand, sunk in price, and wanted a market; the manufacturers wanted orders, and when they made goods knew not where to sell them; all was melancholy and dismal on that side. Nothing but the East India trade could be said to thrive; * * *"

In speaking of present conditions in England, the Earl of Tankerville in an address delivered at the Grand Hotel, Stockholm, on Tuesday, May 8, 1934, said: "The community cannot buy all that it has produced for the simple reason that the necessary money has not been put into its hands. And so there arises an unsalable surplus, which the Nation has produced, but which, for the reason I have just given you, its individual members cannot buy."

In a resolution adopted by the Association of British Chambers of Commerce on April 19, 1934, the statement is made: "This association views with grave concern a defect of fundamental importance in the monetary system whereby the purchasing power of the community is rendered increasingly insufficient to buy the whole product of industry, the effect being reflected in the present disastrous world situation, and accordingly requests the executive council to take the necessary steps to set up a special committee composed of representatives of the association, and of other important commercial and industrial organizations, to consider how this defect can be remedied, and to report."

In a bill now pending before the Committee on Banking and Currency of the House of Representatives a monetary authority is set up to represent society as a whole and upon which is placed the responsibility of furnishing society with a dependable medium of exchange and of refuting the price level and stabilizing it.

Hearings were held on this bill before the committee beginning on January 30, 1934, and ending on March 8. More than 500 pages of printed matter covered these hearings. The demand for them has been very great and over 5,000 copies have so far been distributed to colleges, universities, chambers of commerce, public libraries, and financial institutions throughout the world, and the Government Printing Office informs me that in the last few days it has received an order for 1,500 copies from an economic organization in New York. It may, of course, take some time to work the matter out; but when I visualize the enormous advance in monetary thinking in the 14 years, I have been in Congress, it seems almost like a miracle. In 1922 the first hearings since the beginning of time on any measure looking to the stabilization of money in the interest of all the people were held before the Banking and Currency Committee of the House of Representatives. These historic hearings were held on December 18, 19, 20, and 21, 1922. Over 60,000 copies have, upon request, been sent all over the world and began an inquiry which will never stop until the people are furnished with a dependable medium of exchange, and until a period of social distress such as we have been through in the last 4 years can never be repeated.

Within the short span of my public life I have seen very many instances of vast changes in predominant public sentiment. Every thinking person believes in conservatism in matters of legislation. If there is one thing on earth about which you cannot let your enthusiasm control you, it is in matters of legislation. You must be guided by sympathetic reasoning—and the thing that interferes with progress is not real conservatism, but the static mental processes of those who feel that they are economically safe themselves and refuse to give consideration to the difficulties besetting the great masses of humanity.

This kind of conservatism is what I will call "pure conservatism", and pure conservatism is always wrong. Civilization is never fixed, no Joshua has power to stay the course of the human mind. Change is the necessity of human history, progress the duty of the human race. Pure conservatism has no place in the annals of mankind. It concedes the past but denies the future. It worships the actual but anathematizes the possible. Its creed is the present because it is the present. It has neither sympathy with the past nor prophecy for the future. Content where it finds itself, pure conservatism sits down by the wayside while the march of civilization passes by and presses on to the promised land of the future, guided on her dark way by faith in the destiny of man as by a pillar of fire.

ALCOHOLIC BEVERAGE CONTROL ACT

Mr. PALMISANO. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H.R. 8525, an act to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of classes A and B in residential districts, with Senate amendments, and agree to the Senate amendments.

The Clerk read the Senate amendments, as follows:

Lines 6 and 7, strike out "A, B" and insert "B."

Amend the title so as to read: "An act to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of class B in residential districts."

Mr. RANKIN. Mr. Speaker, reserving the right to object, I want to ask the gentleman from Maryland if we may reasonably expect that the schools of this city will be protected from having beer and liquor saloons placed in front of them or near them?

I do not talk about this prohibition question much here, but we were definitely promised before you passed any wet bills that the school children of this city were going to be protected. I know of my own knowledge that there has been a beer saloon right in front of the Peabody School, a primary school on Maryland Avenue, for the last year or so, and I want to ask the gentleman from Maryland if it is going to be the policy to stick these saloons in front of the school children of this city, and if so, I want to be heard on the proposition. If these things continue, the moral forces will rise up and drive the liquor traffic out of the District of Columbia.

Mr. PALMISANO. Mr. Speaker, this bill has passed the House. It is only to permit off-sale license in the residential zones. These men whom the bill is to benefit, before the liquor bill passed, had a beer license. The Senate amended it so that it will not apply to liquor and it is only to sell beer in a residential zone and I think it is more or less off-sale.

Mr. RANKIN. Mr. Speaker, the people of the District of Columbia are not properly protected. Not only have their children been abused by this practice of placing saloons in front of their schools, but they have also been abused by permitting to be shown here, and I suppose all over the country, vulgar, filthy picture shows that have degenerated into night schools of immorality. The religious people of this country, the fathers and mothers of the Nation, beginning with the District of Columbia, are starting a revolt. They are not going to permit the alien, corrupt element that now has control of the picture-show industry in this country to destroy our civilization by debauching their children in this way. You might as well understand this now! The Christian fathers and mothers have started a revolt, and I for one am going to join them. If you want to go to these immoral shows, place them in a segregated section of the city, and put this sign over the door: "Indecent Picture Show; Children Not Allowed." But you are not going to continue to debauch the morals of the children by putting on the stage shows that would justify sending even their makers to the penitentiary if they had a just trial, nor are you going to continue to stick these beer and liquor saloons in front of the public schools of the District of Columbia, if I can prevent it. I do not pose as any saint, but for the last few months I have taken my child and walked out of the dirty picture shows in the District of Columbia, and I have seen other parents do the same thing.

It took 2,000 years to build this civilization, based upon the finest moral precepts. It did not come about by accident. It cost the toil and suffering and sacrifices of millions of noble men and women. Its very foundation was laid upon the dead bodies of early martyrs. Every stone in its superstructure represents the life of some great man or woman, dedicated to the cause—cemented by the blood and tears of the fathers and mothers who have given their lives that their children might have a better world in which to live.

And now to have this glorious temple undermined and destroyed by these vermin; poisoning, polluting, and cor-

rupting the lives of little children is more than the fathers and mothers of this country will stand.

Go to some of these picture shows that could be used to serve a great educational purpose, and what do you see? Invariably you see a show so vile and corrupt that if a newspaper published an accurate description of it the editor would go to prison for sending obscene matter through the mail. They attempt to make a hero of the loathsome libertine that debauches some college girl or wrecks his neighbor's home, or to make a heroine of some woman of ill fame.

Behind all this is a poorly concealed plan to tear down and destroy the moral fabric of our civilization. But they have reckoned without their host. The moral forces of America are becoming aroused, and are saying in the immortal words of a certain French general, "They shall not pass!"

It is time for Congress to wake up and help to protect the children of this country, including the children of the District of Columbia. [Applause.]

The SPEAKER. The question is on concurring in the Senate amendment.

The Senate amendment was agreed to.

DEDICATION OF THE POST OFFICE DEPARTMENT BUILDING,
JUNE 11, 1934

Mr. JOHNSON of West Virginia. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of West Virginia. Mr. Speaker and Members of the House, it was my privilege on last Monday to attend the dedicatory services held at the new post office here in Washington. There were a great many addresses made there. I was extremely impressed by the masterful oration delivered by our distinguished Speaker. It is full of information, showing the development of our Postal Service. I was so impressed that I felt that his address should be printed in the public RECORD, and I therefore now ask unanimous consent to print that address in the CONGRESSIONAL RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of West Virginia. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by Hon. HENRY T. RAINEY, Speaker of the House, June 11, 1934:

One hundred and thirty-seven years after the voyage of Columbus the first official act dealing with the American Postal Service was taken by the General Court of Massachusetts. A modest tavern in Boston was named as the official repository for the mail brought across the seas.

Thirty-nine years later the Governor of New York established a monthly mail service between New York and Boston. Ten years later in Pennsylvania William Penn established a weekly post.

By 1691 the population of the English Colonies in America had grown to 200,000. The necessity for a postal system began to become apparent, and ambitious subjects of the King of England began to see money-making possibilities in transmitting through the Colonies intelligence, and the King of England granted a monopoly for 21 years to Thomas Neale, one of his favorites. The service was inaugurated with dignity and with proper attention to the importance of the matter and the King issued letters patent to Neale, which gave to him the monopoly of postal communication in the American Colonies and he was authorized to charge for the service all the money he could induce the planters to give.

The revenue possibilities became apparent, and 15 years later, before the expiration of the monopoly awarded to Neale, the King of England took over the service. For over a third of a century the balance sheets sent to London showed continual deficits and the King abandoned the attempt to distribute mail in the Colonies, and Benjamin Franklin was made postmaster at Philadelphia. Later on, under Franklin's direction, the postal service quickly increased. In 1753 the total revenues amounted only to \$1,200, but 15 years later, under Franklin's direction, there were surplus revenues amounting to over \$12,000, but under the regulations established by the King the entire profits of the service were sent to England. The American Colonies bitterly resented the attempt of the King of England to make a profit out of postal communications, and it is evident that the unfriendly feeling of the Colonies for the British crown commenced with the determination of the King of England to make a profit out of the American Colonists for distributing mail. As a measure of retaliation letters

were carried by post riders and it was not long until the profits of the royal mail service were completely destroyed. Franklin insisted always that postal rates were not a tax and should not be a tax, but he contended rather that they were fees for service rendered.

It was not long until local committees of correspondence and observation were organized and they employed their own dispatch riders. Paul Revere was one of them. After the Battle of Lexington, dispatch riders were sent to all the Colonies with news of this event, and when the mail messenger reached Williamsburg, Va., carrying the news of the Battle of Lexington, the Gazette, published in Williamsburg, issued a special edition with the caption, "The Sword Is Now Drawn and God Knows When It Will Be Sheathed." The Sons of Liberty were organized and took charge of the Postal System. Ship captains were ordered to deposit their letters at special coffee houses instead of at the post offices, and whenever it was necessary they took the letters by force, and the first letters sent through the post office at New York were those containing threats against leading Tories.

From that time until this, Postal Service in the United States rapidly developed with the rapidly increasing population. Washington advocated the distribution free of information relating to "the laws and proceedings of the Government", and the distribution of franked mail has continued through the years with but one slight interruption, following the suggestions of Washington.

Our Government, in its origin, commenced by affirming the equal rights of men, and our school system and our mail service developed side by side. Commenting upon free schools and cheap distribution of intelligence through the mail service, Lincoln said in the beginning, "We proposed to give all a chance and we expected the weak to grow stronger, the ignorant wiser, and all better and happier together", and so our Postal Service became an instrument for social welfare. It carries messages of sympathy and love; it holds together a scattered family; it enlarges the common life of all; it disseminates news rapidly. It has become the instrument without which trade and industry could not exist. It has helped to bind together the people of the 48 States in mutual friendship and understanding. It has promoted peace and good will throughout the Nation and throughout the world.

Today we dedicate this magnificent structure—the most important and the most beautiful building devoted to postal purposes in all the world—and it is peculiarly appropriate that this building, the center of the greatest mail service in the world, should have been constructed here in the very heart of the Nation's Capital.

The Post Office Department is the largest single employer of labor in the world. There are over 240,000 permanent employees in the service. The service has at last become self-sustaining. Deficits are disappearing. There are 15,000 post offices in the United States, all controlled from this building. There are in operation now 40,000 rural routes, giving postal service to 26,000,000 individuals, and today the daily arrival of the rural carrier at lonely farms keeps the family in touch with the world and its happenings. Every day carriers in the rural service travel over 1,300,000 miles. There are in existence over 12,500 star routes, and star-route carriers travel every day over 240,000 miles. There are in operation nearly 4,000 railway post-office trains, covering every day 193,000 miles of surface. Four hundred and thirty-five companies carry the mail every day over 206,000 miles of railroads. Every year we transmit to foreign countries by land and by sea over 300,000,000 letters and other articles, exclusive of mail carried in the parcel post.

In the beginning of the fiscal year 1933 there were 27,000 miles of air-mail routes over which during that year nearly 7,000,000 pounds of mail were carried on flights aggregating 36,000,000 miles. The air mails of the United States are delivered at airports in Colombia, Venezuela, and the Canal Zone on the second day from the time of the dispatch, and at Argentine airports on the seventh day. International air routes provide direct mail and passenger service to the countries of Central and South America and the Caribbean, starting from Miami, Fla., and from Brownsville, Tex., covering 18,500 miles of territory and comprising one of the world's largest systems of airways.

The Postal Savings System of the Post Office Department holds in trust today for over 2,300,000 depositors over \$1,000,000,000 in postal savings.

All this Service centers here and will be controlled from this building. It is appropriate indeed that this structure, dedicated today, should be ample in its accommodations, beautiful and impressive in its architecture, and the money expended in its construction is money well expended.

Our Postal Service has now become almost self-sustaining. In 1933 our expenditures in support of this splendid Service were over \$700,000,000 and our revenues from the Service almost balanced our expenditures. The dream of Benjamin Franklin and the Sons of Liberty has been more than realized. Sixty-one years ago our postal revenues amounted to only \$23,000,000.

Automobiles and improved roads are making possible an increase in the average length of rural routes and this is making possible economies in the Service. Routes are rapidly now being consolidated and in the course of the next few years we can expect substantial savings in this Service.

We are continually building in our smaller towns, when the receipts authorize it, more and more monumental post-office buildings, and it is not too much to expect that in the course of a few years every first-class post office, and perhaps every second-

class post office, will be properly housed in a public building provided for that purpose by the Government of the United States.

It is evident now that private control by contracts of the distribution of mail over rural routes and star routes will never be inaugurated. It is a public service and ought to be administered always by employees wearing the official uniforms prescribed for that purpose, and all of them sworn to protect and defend the Constitution of the United States. This Service develops patriotism and tends to increase respect for the Government.

Today these ceremonies are carried by radio to homes throughout all the land and 9,000,000 people are listening in. Tomorrow the newspapers will bring to practically every family in the United States the information that this great structure has been dedicated now to the greatest mail service in all the world.

VETO OF THE INDEPENDENT OFFICES APPROPRIATION BILL

Mrs. JENCKES of Indiana. Mr. Speaker, I ask unanimous consent to extend any remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mrs. JENCKES of Indiana. Mr. Speaker, in order to clear up the misunderstanding concerning my vote on the independent offices bill, I desire to make this statement to the House of Representatives:

The Honorable James A. Farley, chairman of the National Democratic Committee, requested me to go to Bangor, Maine, to deliver the keynote speech at the Maine Democratic State Convention. While I was away, the independent offices bill was returned to the House for its consideration. My office immediately wired me at Bangor, requesting information as to how I desired to vote. I immediately telegraphed back to record my vote against the veto. My office reported this to the Democratic whip, and the Democratic whip's office advised that I was paired with Representative EUGENE CROWE, of Indiana, to vote against the veto; however, the message which the Democratic whip's office transmitted to the pair clerk was not carried out.

I quote the following letter from the clerk of the Democratic whip's office, which explains my position. I wish this to be placed in the RECORD, in order that my intentions to vote against the veto might be clearly understood:

APRIL 18, 1934.

HON. VIRGINIA E. JENCKES, M.C.,

House of Representatives, Washington, D.C.

MY DEAR MRS. JENCKES: I wish to advise you concerning your vote on the independent offices bill on March 27, 1934.

Your office telephoned me and advised that you had telegraphed instructions to your office to pair you with a Member of the House of Representatives voting to override the President's veto. Immediately upon receipt of this telephonic message from your office I telephoned the floor to pair you with Representative EUGENE B. CROWE, who was voting on the independent offices bill to override the President's veto.

I notified your office that you would be paired. I did not know until the day following that the page who had received my message had not delivered the message to Representative CROWE and, therefore, your vote was not recorded.

I am writing you this letter as an indication of your intentions to vote to override the President's veto on the independent offices bill. You may refer to me any or all inquiries or you may use this letter as you see fit.

Sincerely yours,

JOHN M. HOGAN,

Clerk, Democratic Whip of the House of Representatives.

STATEMENT

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to make a statement. On page 10240, roll call 164, I am recorded as paired. If present, I would have voted "no."

On page 10242, roll call 165, I am recorded as paired. If present, I would have voted "no."

On page 10243, roll call 166, I am recorded as paired. If present, I would have voted "no."

INVESTIGATION UNDER HOUSE RESOLUTION 409

Mr. COCHRAN of Missouri. Mr. Speaker, I call up House Resolution 426 from the Committee on Accounts.

The Clerk read the resolution, as follows:

House Resolution 426

Resolved, That the expenses of the committee conducting the investigation authorized by House Resolution 409, not to exceed \$7,500, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee signed by the chairman thereof or by the chairman of the subcommittee thereof conducting the investigation, and approved by the Committee on Accounts.

With the following committee amendment:

After the period in line 9 insert a new section:

"SEC. 2. That the official committee reporters shall be used at all hearings held in the District of Columbia."

Mr. SNELL. Will the gentleman state what investigation that is?

Mr. COCHRAN of Missouri. By the Veterans' Committee of alleged mishandling of money by guardians of incompetent veterans.

Mr. SNELL. That is one of the 57 varieties of investigations.

Mr. COCHRAN of Missouri. If the gentleman had been present when the conditions were outlined to the Committee on Accounts, he would have no objection to this resolution. Regardless of how many investigations have been authorized, here is one that must be undertaken because of the nature of the charges that have been made. There is no other course the House could take. For instance, a preliminary investigation discloses there is about \$200,000,000 belonging to 80,000 incompetent veterans in the hands of guardians; that these guardians have invested this money in worthless bonds and other securities and otherwise mishandled the funds in their care. The Veterans' Bureau records alone disclose that \$11,000,000 have been illegally invested, we were informed. These men are helpless, they cannot take care of themselves, and there is sufficient evidence already not only to warrant this investigation but to probably send someone to jail. Probate judges are also involved.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. RICH. I think the amendment placed in the resolution is very fine employing the regular stenographers. Thereby you can save a great deal of money to the Government. I congratulate the gentleman.

Mr. COCHRAN of Missouri. Oh, that amendment has been added to every resolution that has been brought to the House during this Congress by the Committee on Accounts. It is our duty to protect the helpless veteran, many of whom are violently insane and in padded cells. Anyone who has violated the trust placed in them by defrauding these men, either directly or indirectly, belongs in the penitentiary. This committee is going to certain cities, and I predict that the facts will really arouse the public when true conditions are brought to light. Why, we were even informed that one guardian bought an automobile, with funds entrusted to him, for the purpose of taking his ward riding when the veteran was found to be so violent that he could not be moved from a padded cell.

We are also informed that foreign bonds, worthless, were bought by guardians from trust companies, by whom they were employed. How can we refuse to investigate such shocking conditions? Regardless of cost, the committee should go to the bottom of these charges.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. SNELL. Is there not some legislation on the books at the present time that provides how these guardians shall be appointed?

Mr. COCHRAN of Missouri. There is. There is a limitation, as I understand it, of five cases to any one individual, but there is no limitation on the number that a trust company may represent.

Mr. SNELL. Several years ago we had this whole subject up here. What was the result of that investigation?

Mr. COCHRAN of Missouri. Mr. BLANTON and Mr. RANKIN secured the removal of one of the District Commissioners. That investigation applied only to the District of Columbia, while this applies to the entire country. Legislation followed, but it is found now that even trust companies have not properly handled the money of their wards.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. RANKIN. The gentleman from New York [Mr. SNELL] knows that I conducted that investigation. That was in 1926. We found conditions that have been described on the floor of the House which we thought ought not to

exist, and we passed the present law that limits the number of guardianships an individual may have to five, but the Veterans' Administration and the administration then in power thought at that time that the limitation ought not to apply to trust companies. It has developed recently that some of these trust companies have invested this money in securities that have turned out to be worthless. This matter was called to my attention by a resolution that was introduced by the gentleman from Indiana [Mr. GRISWOLD]. That resolution went to the Committee on Rules. I got hold of General Hines, and, together with the Rules Committee, we had him to conduct the preliminary investigation. We found a condition, at least in Marion, Ind., that ought to be investigated, and we have gone as far here with the investigation as we think we can go. This is to send a subcommittee to these places where we find this trouble. So far as I am individually concerned, none of this money is going to be wasted; it is going to be used in the most economical manner, with a view to correcting a situation that we think ought to be straightened out without delay. We do not intend that these disabled veterans, these insane veterans, shall be mistreated if there is any possible way to stop it.

Mr. SNELL. Of course, everyone wants to protect them; but I do not believe that you can pass any law that will provide that none of the funds shall be invested in securities that are not worth their face value. No one has been smart enough to do that yet.

Mr. RANKIN. What we are after is to find out what is wrong, to find out what legislation can be passed to take care of the situation as best it can be taken care of. To be frank with the gentleman, I think that we can cure practically all this condition by legislation of the proper kind, but we must find out the facts. We want to know what we are doing. We do not want to injure anybody unnecessarily, but we want to get to the bottom of the thing and arrange for legislation that will cure it.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. PERKINS. We have found not only cases where bad investments have been made but we have found many cases where the guardians, knowing the securities they held were worthless, or practically worthless, transferred them into these estates for the purpose of getting the money out of the estate. It was not merely a case of making a bad investment. It is having in their own portfolios worthless securities, knowing the character of them, and transferring them to the estate of the ward.

Mr. SNELL. If you know all about that, why investigate it further? Why not get together and pass the legislation?

Mr. PERKINS. If we knew all about it, we could pass laws to correct it, but we now have enough information to know that a complete investigation is necessary.

Mr. SNELL. Whether it is wide-spread or not, you ought to be able to suggest legislation and correct it without traveling all over the United States.

Mr. RANKIN. The subcommittee is not going to travel all over the United States. But we are going far enough to see that these helpless veterans are properly protected.

Mr. COCHRAN of Missouri. Mr. Speaker, I move the previous question on the resolution and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to, and the resolution as amended was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

THE GREAT CENTRAL VALLEY WATER SHORTAGE IN CALIFORNIA

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to address the House out of order.

The SPEAKER. Is there objection?

There was no objection.

Mr. STUBBS. Mr. Speaker, I do this to draw the attention of the Congress to the Central Valley water project of

the State of California, and ask their sympathetic consideration in the efforts we are making in California to gain from the P.W.A. some assistance, in order to save thousands of stricken families in my district whose lands are going back to the desert for lack of water.

The two counties most affected by this shortage of rainfall and lack of irrigation facilities are Kern and Tulare, as shown by the report of studies recently completed by the committee on water flow. In this report it was brought out that the lowering of the water table in this area will result in conditions so serious that steps must be taken in the near future if this now beautiful section of our country is to be held for the use of mankind, and not allowed to slip back into the wastes of the desert.

Last year the voters of California went to the polls and voted to ask the Federal Government as a State to come to their relief in the purchase of revenue bonds. The State Legislature of California put its stamp of approval on this project, and all other State interests are cooperating with their representatives in trying to make this tremendous project a reality.

May I call your attention to the fact that President Roosevelt in his message to Congress last Friday, June 8, shows that he is aware of the serious water shortage existing in the Western and Midwestern States at the present time, and is anxious to find some means of saving, for these many thousands of people in my State, and all the others affected, their farms and homes.

Gentlemen, I do not know first-hand the conditions existing in these other States, but I do know that whole cities and towns will be laid waste in the territory I represent if relief is not secured soon. And I refuse to see that happen. I have been unable to secure an allotment of money for the entire amount necessary for the completion of this project from the P.W.A., because of the tremendous amount needed, but I am asking and begging that I be granted at least the small amount needed to begin operations to redirect the flow of the mighty waters of the Sacramento River from the sea and down into this rich and fertile territory known as the "Great Central Valley of California."

I promise you that if I find the doors closed to me by these relief organizations I shall come to the Congress of the United States at the earliest opportunity to present a bill for the relief of the stricken people in the district I represent.

I thank you.

NATIONAL HOUSING, EMPLOYMENT, AND INSURANCE

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9620) to improve Nation-wide housing standards, provide employment, and stimulate industry; to improve conditions with respect to home-mortgage financing, to prevent speculative excesses in new-mortgage investment, and to eliminate the necessity for costly second-mortgage financing, by creating a system of mutual mortgage insurance and by making provision for the organization of additional institutions to handle home financing; to promote thrift and protect savings; to amend the Federal Home Loan Bank Act; to amend the Federal Reserve Act; and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 9620, the National Housing Act, with Mr. GLOVER in the chair.

The Clerk read the title of the bill.

Mr. PRALL. Mr. Chairman, there is an amendment pending. Just prior to the rising of the Committee on yesterday I sent to the desk an amendment. I find it is not necessary to adopt that amendment, and I therefore ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. PRALL]?

There was no objection.

Mr. ELTSE of California. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. ELTSE of California: On pages 47 and 48, strike out all of section 105.

Mr. ELTSE of California. Mr. Chairman, I spoke on the matter of striking out section 105 of this bill on yesterday. What I have to say will be partially by way of repetition of what I said then.

I call attention to the fact that under section 105 provision is made to afford insurance on amortized mortgages. The elimination of this section would not prevent those who are particularly interested in the clearance of slums, or low-cost housing projects, over which we had a battle yesterday on the amendment to insert the words "low-cost housing projects", from securing the relief or remedies in which they are interested. It does not affect the provisions of existing law to go forward with slum clearances and low-cost housing projects, but I call attention to the fact that the inclusion of this section in the bill is driving directly at the heart of building-and-loan associations throughout the United States, and, if passed with this provision in it, I prophesy that within a very few years, or a very few months, perhaps, the doors of many of the building and loan associations throughout the United States will be closed. I will give you my reasons for that. Under section 105 it is provided that these amortized mortgages may be made for new construction to the extent of 80 percent of the appraised value of the property. As the laws of the various States of the Union now stand, building and loan associations cannot make loans to the extent of 80 percent of the appraised value of the property. That is particularly true of the State of California and several other States. I realize that this 80 percent is the outside limit. I am satisfied—and any reasonable-minded man will come to the same conclusion—that other corporations will be organized to avail themselves of the opportunity of coming in under this act and making loans to the extent of 80 percent of the appraised value of the property. By so doing building-and-loan associations will be precluded from making loans on new construction. So much for that.

On the 60-percent clause of section 105, on existing homes, it so happens that many of the building and loan associations throughout the United States are now harassed and are having a difficult time in going forward. I will not say most of them are, but many of them are. The reason for that condition which confronts them is this: When they made their loans they made them on a 50-percent basis, or the amount allowed within the law. A 50-percent loan then made now constitutes about an 80- or 100-percent loan. So if this bill passes, these new corporations will be set up and they will come into the realty-investment field, or existing corporations which are now eligible under this section will come into the field of the existing building and loan associations and take away all of the cream of the deeds of trust and mortgage investments which the building-and-loan associations have, and withdraw all of those liquid assets from the existing building and loan associations. That will mean that the doors of many of the building and loan associations will be closed.

There is much agitation here for the substitution of title II of the bill as originally proposed. If that goes through, you can well rest assured that every building and loan association in the United States is going to be closed, and we will be doing a national mortgage business, loaning Federal funds, where private corporations and private individuals should have the field left to themselves.

Mr. PRALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if we were to adopt the amendment offered by the gentleman from California [Mr. ELTSE] it would take the very heart out of this bill. Section 105 is the most important section of the bill, and the very idea of this whole program is to bring out of hiding, as it were, private funds not available at this time. We propose to insure mortgages in order to induce private lenders, who have long since left the market, to come back into the market. There are some-

thing like \$21,000,000,000 of mortgages on homes in this country. Savings-and-loan associations carry about six or seven billions of that amount. It will not put the building-and-loan associations out of business. It will release new funds which are now frozen and not available to take care of the demand to renew mortgage loans coming due during the next 3 years. Something must be done to meet this situation or real-estate values throughout the country will crash because of wholesale foreclosures. To adopt the gentleman's amendment would make all of this impossible of fulfillment and take the very heart out of the whole proposition.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. PRALL. I yield to the gentleman.

Mr. MARTIN of Oregon. As a matter of fact, have not every one of these bills—the President's bill, Mr. McDUFFIE's bill, and the Steagall bill—included that insurance feature?

Mr. PRALL. Yes, sir.

Mr. MARTIN of Oregon. Every bill that has been proposed included it?

Mr. PRALL. Yes, sir.

Mr. MARTIN of Oregon. To increase the flow of money?

Mr. PRALL. Yes. It will coax back into the mortgage-investment market investors who have during the depression left it because of the depreciation in real-estate values.

Mr. MARTIN of Oregon. And get that money back into the market?

Mr. PRALL. Yes; it will aid savings-and-loan associations, savings banks, and other investors to meet this acute situation now confronting us.

The CHAIRMAN. The time of the gentleman from New York [Mr. PRALL] has expired.

Mr. DUNN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman and members of the Committee, I do not believe that the gentleman who offered the amendment really means that the building-and-loan associations of America will be put out of business if this bill, in its present form, is enacted into law.

Mr. ELTSE of California. Mr. Chairman, having referred to me, will the gentleman yield?

Mr. DUNN. I shall be pleased to yield to the gentleman when I finish my statement.

Mr. Chairman, if every building-and-loan association in the United States were to be put out of business by having the bill, which is now under consideration, so worded that it will insure the eradication of the slum districts of the country, then let every building-and-loan association in the United States go out of existence.

The Federal Government is spending millions of dollars for the purpose of wiping out crime. One of the best ways to wipe out crime is to eradicate the slum districts. The way to eradicate the slum districts is to eradicate the sweatshops; and the way to eradicate sweatshops is to give men and women who are able to work a job at a living wage.

I maintain that if we were to spend \$25,000,000,000 for the purpose of wiping out the slum districts it would be an infinitesimal sum compared to the benefits which would be derived from it. Let us support this meritorious bill.

Mr. ELTSE of California. Mr. Chairman, will the gentleman from Pennsylvania yield to the gentleman from California?

Mr. DUNN. I yield.

Mr. ELTSE of California. I may say to the gentleman from Pennsylvania that when I rise to speak on the floor of the House I do so out of conviction, and have something to say. I do not take the floor of the House to express myself on things about which I have no belief.

Mr. DUNN. I believe the gentleman from California is sincere in his statements concerning the bill, but what I said pertaining to the slum districts I believe to be the truth. [Applause.]

The CHAIRMAN. The question is on the amendment of the gentleman from California.

The amendment was rejected.

Mr. HOLLISTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: Page 47, line 19, after the word "homes" insert "and no mortgage shall be insured on a low-cost housing project in an amount in excess of \$5,000,000"; and in line 20, after the word "homes", insert "and low-cost housing projects"; and in line 24, after the word "homes", insert "and low-cost housing projects."

Mr. HOLLISTER. Mr. Chairman, when the committee yesterday amended the bill by making low-cost housing projects subject to mortgage insurance, although I voted against it because I wished to support the bill as reported, I am frank to say I had considerable sympathy with the amendment. I have the greatest sympathy in the world with low-cost housing projects and with slum clearance. The only reason that I had some hesitation about seeing that provision included in this bill was because there was apparently no limitation on the amount of insurance which might go into this kind of project.

I want to point out to the members of the committee that the bill contains certain limitations on the amount of insurance which the insurance corporation can write. The limitation is now \$1,000,000,000 on existing homes and is now \$1,000,000,000 on new homes. If no further change is made, this \$1,000,000,000 limitation will attach to home insurance, but there will be no limitation whatsoever on insurance on low-cost housing projects.

It was the feeling of the committee that Federal insurance of mortgages was a highly experimental idea, something with which we should go rather slowly, and none of us wanted to bring in the bill the way it was originally introduced, which permitted insurance without limitation on new construction, because it might be \$5,000,000,000, it might be \$10,000,000,000, or it might be \$15,000,000,000. We preferred to place a \$1,000,000,000 limitation on the credit liability of the Federal Treasury on existing construction and \$1,000,000,000 on new construction.

If we place no limitation on the insuring of low-cost housing projects, we are going to be faced with a situation where we may find low-cost housing insurance entirely eating up the insurance on small homes. I am sure no Member wants to see that happen.

By my amendment I place the insurance limitation at \$5,000,000 on a low-cost housing project, because it seems to me that \$5,000,000 is an adequate sum with which each one of these units may be carried on. In some large cities there might be several of these units, even 5, or perhaps 10.

I read in the morning papers a statement to the effect that the Public Works Administration had turned down two low-cost housing projects for Greater New York, one of \$44,000,000, the other of \$46,000,000. Undoubtedly these projects are greatly needed in the city of New York, but certainly we do not want to take \$100,000,000 of a \$1,000,000,000 limitation and put it into one city only. As I said yesterday, and as has been repeated over and over again, the chief idea of this bill is to get people to work, to stimulate the building industry. We do not want to do all the stimulating in one place; it should be general throughout the country.

The whole theory of Federal mortgage insurance is that of providing a reservoir of capital to be used wherever it is most needed and thus stimulate the general construction industry around the country.

It seems to me that if we make a \$5,000,000 limitation on the insurance of low-cost housing projects, we have been fair to those who wish to include slum clearance and yet have avoided the danger of having this Federal insurance all directed toward one part of the country. It seems to me that this limitation should be included in the bill.

Mr. O'CONNOR. Will the gentleman yield?

Mr. HOLLISTER. I yield to the gentleman from New York.

Mr. O'CONNOR. As I understand it, as the language now appears at the bottom of page 47, there is no limitation on the amount that could be insured as to low-cost housing?

Mr. HOLLISTER. That is correct. My amendment inserts that feature.

Mr. O'CONNOR. I understood the gentleman to say that these low-cost housing projects would interfere with homes.

Mr. HOLLISTER. I beg the gentleman's pardon. He misunderstood me.

Mr. O'CONNOR. That being so, as the language now stands, no low-cost housing project would interfere with the billion that may be applied to homes?

Mr. HOLLISTER. Yes; but the gentleman does not realize that if we put in no limitation as to the low-cost housing projects we may find the Federal Treasury insuring a billion on homes and two or three billions on low-cost housing projects. What the committee wanted to do was to put a limit on both of them.

Mr. O'CONNOR. I do not think the committee had any such intention when the committee struck out the low-cost housing projects and included only homes in the bill.

Mr. HOLLISTER. And now I am perfecting it so the limitation will be there.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. HOLLISTER].

The question was taken; and on a division (demanded by Mr. HOLLISTER) there were—ayes 68, noes 42.

So the amendment was agreed to.

Mr. SABATH. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. SABATH: On page 47, line 6, strike out the word "homes" and insert in lieu thereof the word "buildings."

Mr. SABATH. Mr. Chairman, I am of the opinion that if the committee had given some thought to existing conditions they would have inserted or used the word "buildings" in lieu of the word "homes." Section 105 provides that upon terms and rules to be determined by it, the Corporation is authorized to insure amortized mortgages and like liens on owner-occupied homes. I desire that changed to read "on owner-occupied buildings."

As the situation stands now under the present law, we have hundreds of thousands of owners who own a building, the front of which is utilized or occupied by a store while the second and third floor is occupied by the owner or tenant. Such owner is precluded from obtaining a loan upon the property, although it is his home. It has been held that that is a commercial building and not a home and as such the owner could not secure relief.

I feel that these people should not be discriminated against. It was not the intention of the House to preclude the small-property owner who by chance had a little store 20 by 40 in the front part and lived in the rear of the building or above the store. As I say, it was not intended that that individual should be precluded from the relief which Congress intended he should have.

Mr. REILLY. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Wisconsin.

Mr. REILLY. Does not the gentleman think we better put some limitation in there as to the value of the building? It might be \$20,000 or \$40,000.

Mr. SABATH. The limitation is already in there. In my desire to help these owners who are being discriminated against and prevented from receiving relief, I am satisfied at this time with the provision. I advocated originally an amendment which would have increased the limitation to \$40,000. But for the present, and as I say, in my great desire to help hundreds of thousands of men and women who own these small buildings, and assist them in their relief to the same extent as others are being benefited, I have offered only this amendment at the present time.

Mr. DUNN. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Pennsylvania.

Mr. DUNN. Is it not a fact that insurance companies consider a building with two or three families as a private home?

Mr. SABATH. The insurance companies do, but the Reconstruction Finance Corporation has ruled against that interpretation and they will not make a loan.

Mr. McFARLANE. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Texas.

Mr. McFARLANE. I have a letter from Mr. Peiker, of the Federal Home Loan Board, this morning, sustaining the contention of the gentleman in this regard. I think the amendment ought to be adopted.

Mr. PRALL. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York.

Mr. PRALL. What gives the gentleman the idea that a building occupied by the owner and containing a store could not be construed as his home and be eligible under this bill?

Mr. SABATH. It is not so construed by the Reconstruction Finance Corporation, and they have refused to make loans on such premises.

Mr. PRALL. That has nothing to do with the matter.

Mr. SABATH. The Board has refused to make loans on buildings of that character.

Mr. O'CONNOR. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York.

Mr. O'CONNOR. I sympathize partly with what the gentleman has in mind, if the building is occupied principally as a home, but this bill has nothing to do with making loans to home owners. What the gentleman has in mind undoubtedly is the interpretation by the Home Owners' Loan Corporation. All this bill does is to insure mortgages on such premises.

Mr. SABATH. I am trying to see to it that under this bill they may also insure a mortgage on a building which is partially used as a home and partially for commercial purposes.

Mr. O'CONNOR. It ought to be used principally as a home, and what the gentleman should direct his interest to is amending the Home Owners' Loan Act.

Mr. SABATH. I have introduced a bill covering that matter, but I have not been able thus far to secure its consideration. I do not want to see continued in this bill the opportunity for discrimination that has resulted from the rulings of the Reconstruction Finance Corporation as well as the Home Owners' Loan Corporation.

I think this amendment should be agreed to by the Committee, and I may assure the Members that it will be helpful and beneficial to the people whom they desire to help.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. O'MALLEY. Do not most of these small buildings in which a family lives have little stores in competition with the chain stores?

Mr. SABATH. That is what they are occupied for.

[Here the gavel fell.]

Mr. SABATH. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SABATH. Yes.

Mr. PATMAN. If the gentleman will change his amendment so that it will read "used principally as a home", or put in a limitation of that kind, I think it would be all right, but suppose one lived in the corner of a \$1,000,000 building, the gentleman does not think he should be permitted to get a loan on the building as a home?

Mr. SABATH. No; and there is a limitation of \$20,000 here in any event.

Mr. PATMAN. Does that limitation of \$20,000 apply under the gentleman's amendment? If it does, I am for the amendment.

Mr. SABATH. Yes; and it would then read "on owner-occupied buildings." The building must be occupied by him, and there is a limitation of \$20,000.

Mr. O'CONNOR. If the gentleman will permit, a man may have a factory or a blacksmith shop or an ice house and live upstairs and surely the gentleman has not such a situation as that in mind.

Mr. SABATH. I have in mind a situation where the man lives in the building, and he might have a delicatessen in the front part and live in the back, or he may be a shoe-

maker or a tailor or a baker and have a little store downstairs while he lives in the rear of the building or above the store. Such a man has been ruled against by the Home Owners' Loan Corporation and he cannot now obtain a loan. If this amendment is not adopted, he will be foreclosed from having his mortgage guaranteed the same as other people similarly situated.

Mr. PRALL. Mr. Chairman, will the gentleman yield?

Mr. SABATH. Yes.

Mr. PRALL. If the gentleman will read title II, on page 54, he will find that in the renovizing program, business properties are included, and there is no reason to believe that insurance will not be carried on a building occupied by the owner just because it has a store in it, because that is his home, even though the other part of the building may cover some kind of shop.

Mr. SABATH. Then how can it hurt to put in the provision I have suggested? I am not asking anything that is unreasonable, and I think if the gentleman from New York would give this real consideration he would approve the amendment.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. STEAGALL. If I heard the reading of the amendment correctly, the gentleman adds "owner-occupied buildings" to the language.

Mr. SABATH. That is correct.

Mr. STEAGALL. I want to ask the gentleman if, under that language, any store or office building or any type of building which was used and occupied by the owner would be covered by the amendment. Under the gentleman's language he does not restrict it to such uses as would constitute it a home in any sense. It might be a storehouse, or the occupant might use it purely for the sale of merchandise and still it would be an owner-occupied building under the law.

Mr. SABATH. No such construction could be placed upon it, because it must be occupied by him as his home.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield there?

Mr. SABATH. I yield.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Chairman, I ask that the gentleman from Illinois may have 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Henry L. Doherty has a 60-story business building on Wall Street and lives on the top floor.

Mr. SABATH. I am amazed that my friend and well-informed colleague does not realize that there is a limitation here of \$20,000.

Mr. O'CONNOR. I realize that.

Mr. SABATH. So this could not apply to him.

Mr. O'CONNOR. But a man might have a little office building and live on the top floor.

Mr. SABATH. No; this only applies to homes that, in part, are used by the owner for a little shop or as a place of business, and cannot exceed \$20,000.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. DONDERO. I am wondering if the gentleman is not mistaken about his interpretation of the language in the home owners' loan bill. Any building occupied as a home, up to four families, and a business is now included and the owner can get a loan from the Home Owners' Loan Corporation today.

Mr. SABATH. No; he cannot. I have had that matter up many times in the city of Chicago, and they have refused to make any loan to such owners.

Mr. DONDERO. Where there is a business in connection with such a building?

Mr. SABATH. Yes.

Mr. BOILEAU. May I suggest to the gentleman that it would meet his idea if the bill under consideration at the present time were amended by simply adding the words

"apartment buildings." Does not the gentleman think that would take care of the situation he has in mind?

Mr. SABATH. I may say to the gentleman that I am not here interested in apartment buildings. I am interested in the owner who has a building wherein he has his place of business and that he also occupies as his residence, such as we find outside of the main business sections. I have not in mind only the city of Chicago, New York, and other large cities, but we find thousands upon thousands of such buildings in the smaller cities in every section of the United States.

Mr. O'MALLEY. How are such places taxed in local taxation? Are they taxed as commercial places?

Mr. SABATH. As a rule they are.

Mr. Chairman, this is a meritorious amendment and should be enacted, and, knowing the desire of the Members to do the right thing for deserving people, I know they will vote in favor of the amendment to give relief to the most industrious and frugal people in the United States.

[Here the gavel fell.]

Mr. McFARLANE. Mr. Chairman, this is a very important amendment, and I believe that if the Membership of the House understands it you will adopt it. The Home Owners' Loan Corporation Board here in Washington have held that such a building where the party resides upstairs and uses a part of the building for some business he is carrying on at the same place, that that building is not eligible for a loan because of the property being classed as "business property" rather than as a "home" under the definition under the original Home Owners' Loan Act.

I received a letter this morning from Mr. Peiker, deputy general manager of the Home Owners' Loan Corporation, who has charge of this matter here in Washington, saying that they have held that where a person uses a substantial part of the building for business purposes, even though he lives upstairs and uses a part of the building for a picture show or a grocery store or a delicatessen, that party is not eligible for a loan. I think it was the intention in the Home Owners' Loan Act to make such a place eligible for a loan. There are hundreds of thousands of little buildings eligible for a loan if you adopt this amendment. They are being foreclosed now and the owners being turned out in the street because some such business is being conducted in the building.

Mr. O'MALLEY. I know an instance where an owner uses two rooms in his house to make cigars, and they have classed it as a cigar factory. He lives there, but when he applied for a loan it was turned down because they held it was a cigar factory.

Mr. CONNERY. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. CONNERY. The way the language reads now, if a man had a home of his own and built a little variety store below occupying one room he could not get a loan.

Mr. McFARLANE. That is right.

Mr. DONDERO. Will the gentleman yield?

Mr. McFARLANE. Yes.

Mr. DONDERO. Might we not amend the amendment of the gentleman from Illinois and clarify it by adding the words "occupied or partly occupied as a home or dwelling"?

Mr. McFARLANE. I think that would be agreeable, and would clarify the amendment.

Mr. PATMAN. Will the gentleman yield?

Mr. McFARLANE. I yield to the gentleman from Texas.

Mr. PATMAN. If the Government is willing to insure a loan up to \$20,000 for the purposes mentioned, what difference does it make if he does have a business in that building?

Mr. McFARLANE. I cannot see that it makes any difference, and I hope the committee will adopt the amendment, because there are thousands that will lose the benefit of this act if this amendment is not adopted.

Mr. CONNERY. Is there a limitation in the provision?

Mr. McFARLANE. Yes, sir. A limitation of \$20,000. However, I favor raising this limitation to at least \$30,000,

so that others may receive the benefit of this act. The letter of Mr. Harry C. Peiker, above referred to, reads as follows:

HOME OWNERS' LOAN CORPORATION,
Washington, June 12, 1934.

Re W. J. Wilke application, Graham, Tex.

Hon. W. D. MacFARLANE,
Member of Congress,
House Office Building, Washington, D.C.

MY DEAR CONGRESSMAN MACFARLANE: I have your letter of June 9, enclosing letter from the above party.

This loan was disapproved by our State office on account of its ineligibility under the Home Owners' Loan Act. The act itself did not contemplate loans on business properties, but was passed for the relief of distressed home owners who were in imminent danger of losing their homes. Our Board, however, has ruled that where a small part of the property was being used for business purposes, the loan could be considered. The test of eligibility under such conditions is whether or not the business is incidental to the residence, in which case, it would be eligible; or whether the residence is incidental to the business or a substantial part of the property used for business purposes, in which case it would be ineligible. Our loans, of course, are all passed on and handled by our State organizations working under the rules and regulations promulgated by the Board here in Washington. Our State office has decided that under these rules this loan would not be eligible and from the facts we have in connection with it, we believe their decision to be correct.

As per your request, we are returning you Mr. Wilke's letter.

Very truly yours,

HARRY C. PEIKER,
Deputy General Manager.

Mr. DONDERO. Mr. Chairman, I offer an amendment to the amendment. After the word "building", insert "occupied partly or in whole for residential purposes by the owner."

The Clerk read as follows:

Amendment by Mr. DONDERO to the amendment offered by Mr. SABATH: After the word "buildings", insert the words "occupied wholly or in part as a dwelling by the owner."

The CHAIRMAN. Is that offered as a substitute for the amendment?

Mr. DONDERO. No; that is offered as an amendment to the amendment offered by the gentleman from Illinois.

The CHAIRMAN. The Clerk will again report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SABATH: Page 47, line 6, strike out the word "homes" and insert in lieu thereof the word "buildings."

Amendment to the amendment offered by Mr. DONDERO: After the word "buildings" insert the words "occupied wholly or in part as a dwelling by the owner."

Mr. SABATH. Mr. Chairman, I accept the amendment to the amendment.

Mr. PRALL. Mr. Chairman, I rise in opposition to the amendment and call the attention of the House to the fact that under the amendment to the amendment which has just been offered any building could be partly occupied, be it a factory, hotel, or any other type of building. It could be partly occupied by the owner living in it and would then be entitled to the benefits of this act.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. PRALL. Yes; I yield to the gentleman.

Mr. BOILEAU. Some time ago when we were considering the bill to make loans to private industry, I called the attention of the gentleman to the fact that apartment buildings were about the only type of buildings not provided for in one of these various loaning bills. Would the gentleman state whether or not, in his opinion, the amendment to this bill offered yesterday and agreed to with reference to low-cost housing would include small apartment buildings?

Mr. PRALL. I would say to the gentleman that a small apartment or a large apartment building providing cheap rents would be so considered. I do not oppose an amendment to this bill which would provide insurance on a mortgage for any person who has a small home or a small building, a part of which may be occupied as a store or for small business, but under the gentleman's amendment to the amendment a person could set aside any part of a building,

regardless of its size or character, and call it his home and be entitled to relief.

Mr. DONDERO. Oh, I think the gentleman overlooks the fact that in line 14 the limitation is fixed that it could not exceed in appraised value more than \$20,000.

Mr. PRALL. The gentleman is correct.

Mr. ELLENBOGEN. Mr. Chairman, will the gentleman yield?

Mr. PRALL. Yes; I yield to the gentleman.

Mr. ELLENBOGEN. May I ask the gentleman whether he will change the last word of his amendment to the amendment to read "home" and not dwelling, so that it would have to be occupied in whole or in part as the owner's home?

Mr. DONDERO. That was the intention.

Mr. ELLENBOGEN. It does not say so. I think it should read so as to be occupied in part as the owner's home and not dwelling.

Mr. O'MALLEY. Yes. A man might move a cot into a building and then try to get a loan on his building.

Mr. PRALL. I think the \$20,000 limitation would prevent that.

Mr. SABATH. Does the gentleman from New York accept the amendment?

Mr. PRALL. Yes; the gentleman's amendment is acceptable to me.

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Michigan.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Illinois, as amended.

The amendment as amended was agreed to.

Mr. ELLENBOGEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. ELLENBOGEN: Page 47, line 25, after the words "limited to", strike out "a similar amount" and insert in lieu thereof the following: "an aggregate principal obligation on all such mortgages of not to exceed 10 times the aggregate par value of the corporation's outstanding capital stock."

Mr. ELLENBOGEN. Mr. Chairman, as section 105 now reads it provides that the Home Credit Insurance Corporation may insure existing mortgages up to five times the outstanding capital stock, which means five times \$200,000,000, or \$1,000,000,000, and may insure mortgages on newly constructed homes also to the extent of \$1,000,000,000, so that under the section as it now is the insurance on existing homes is limited to \$1,000,000,000 and the insurance on new homes is also limited to \$1,000,000,000.

The purpose of the bill is to give employment, particularly to the three and a half million unemployed building-trades people, and how can we give employment to them if you limit the amount to be expended on insured mortgages for new construction to \$1,000,000,000, particularly when under the amendment that was offered today and which was accepted, the \$1,000,000,000 includes low-cost housing projects, so that the amount available for new construction, as the section now reads, is even smaller than it was when the committee brought the bill into the House. If we mean what we say, if this is to be a housing bill, we should extend the amount available for new construction to at least \$2,000,000,000.

On behalf of the unemployed workers of the building industry, I ask you to vote for this amendment.

Mr. KENNEY. I rise in opposition to the amendment, Mr. Chairman.

This housing bill is primarily intended, as the gentleman has just said, to promote employment, particularly in the building trades. I come from a county which is probably as much affected as any other county in this country. Bergen County in New Jersey presents the second largest labor problem in the State and the twenty-second largest problem in the United States. Many men skilled in the building trades are now working for the F.E.R.A. for food plus 10 cents an hour. They are bricklayers, carpenters, plumbers, masons, men who have done so much to build up my section of the country. A man, whether he works for the Government or for another, should be paid cash for his

work. No man should be required to accept food instead. The practice must be ended. Let us pay him in money until we revive employment. And now I am wondering whether insuring existing mortgages under section 105 is going to aid in creating new building construction and therefore employment. If we permit insurance of present outstanding mortgages up to 60 percent of the appraised value of properties worth \$20,000, are we promoting new building operations intended to afford employment for our people, which is so much needed at the present time? As a matter of fact, I do not see how this insurance provision is going to be very helpful for any employment purposes whatever.

In New Jersey we have a great many building-and-loan associations. They have done probably more to build up that State than any other institution. They are not in a position where they require insurance. There are 1,553 building-and-loan associations in that State. The membership of these associations amounts to as many as 985,470—almost a million shareholders. There are, according to figures, more of these associations in New Jersey than in any other State of the Union except one. In Bergen County, where I reside, we have more building-and-loan associations than any other county in New Jersey save only one.

If this insurance provision were omitted, I believe it would have the tendency to leave unmolested capital funds which might be attracted to mortgages on new buildings and homes. There probably then would not result the competition with building-and-loan investments that the provision for insuring existing mortgages may bring about to the detriment of new construction and, therefore, the re-employment of skilled mechanics and those versed in the building trades.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. KENNEY. I yield.

Mr. ELLENBOGEN. It is a fact, is it not, that the original bill as it came into the House had a limitation of \$1,000,000,000 on existing mortgages and no limitation on new construction, and that the limitation of \$1,000,000,000 on new construction was put in by the committee?

Mr. KENNEY. The gentleman is correct. The primary purpose, of course, is to promote employment in the building trades. That is the most worthy of the purposes of the bill. If this provision for insurance is kept in the bill, it will increase the cost of construction. The cost of the insurance will be borne by the property owner who undertakes to build a new home. It will add to that. It has been the cost of financing homes that has been the greatest burden upon the people in my locality, because in other years they were required to pay very heavy financing charges. The cost of home building should not be increased; rather, it should be kept at a minimum as an aid to unemployment. I am, therefore, wondering if it would not be prudent for the committee to offer an amendment to strike out and eliminate altogether this section of the bill.

Mr. BOLAND. Will the gentleman yield?

Mr. KENNEY. I yield.

Mr. BOLAND. What I want to try to get straight is how does this clause have anything to do with putting skilled labor to work. In what way does it help the building trades?

Mr. KENNEY. It will add to the cost of new building, because the owner will have to pay for that insurance, which I claim is unnecessary. The building-and-loan companies and other lending institutions are in a position to protect themselves on all these loans. Then again, if we insure existing mortgages, the people who otherwise might invest in building-and-loan shares and thus aid new construction, would be invited to traffic in outstanding existing mortgages, with the result that the money available would be lost for the purposes of new building construction.

Mr. BOLAND. In other words, it would act more to retard putting men to work than to assist?

Mr. KENNEY. It seems so.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I rise in opposition to the amendment.

I simply wish to point out to the Members that there is a limitation on the credit of the United States. Whether two billion, three billion, four billion, five billion, or whatever billion it may be, will seriously impair this credit, none of us is able to say. This is not a bill having but one feature. This bill does not solely contain the mortgage feature. This is not a double-barreled or a triple-barreled but rather it is a quadruple-barreled bill. We provide for pumping out as much as five times \$200,000,000 for small loans, renovating loans, of \$2,000 each. We provide an additional billion for the Home Owners' Loan Corporation; an additional half billion to buy preferred stock in building-and-loan associations, which they shall in turn put into new construction. We provide for the insurance of building-and-loan association deposits. We provide for mortgage insurance. All of those features are for the purpose of making money available to go into new construction. We felt, in the committee, that there should be a definite and distinct limitation on the mortgage feature, because everyone will admit that the Federal insurance of mortgages is a highly experimental procedure. Is it not better to stay within a reasonable limit until we have a chance to see which one of these features or perhaps which two or three of them will do the work, rather than taking the lid off too far?

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. ELLENBOGEN. It is a fact, is it not, that in normal times the construction industry spends about \$11,000,000,000, and at the present time about \$3,000,000,000? If you limit new construction to \$1,000,000,000, how can you have a great deal of employment?

Mr. HOLLISTER. The gentleman misunderstands the bill completely.

Mr. ELLENBOGEN. I do not misunderstand the bill.

Mr. HOLLISTER. I have tried to point out to the gentleman that this is but one feature of the bill; that we are not limiting the bill to \$1,000,000,000. There are other provisions in the bill which will pump money out into the building industry.

Mr. ELLENBOGEN. I understand that fully, but if the gentleman is speaking about repairs, in normal times the repairs amount to only about \$5 out of—

Mr. HOLLISTER. I yield for a question only. I am trying to point out to the gentleman that he has stated we are limiting new construction to \$1,000,000,000.

Mr. ELLENBOGEN. In this part of the bill?

Mr. HOLLISTER. The gentleman will please not interrupt me. We have four or five features in this bill.

Mr. ELLENBOGEN. I understand that.

Mr. HOLLISTER. In each one of these features we provide for new money to go into construction. While it is up to the members of this committee, what I am trying to point out is that if we were to allow any one of these features involving Government credit to go too far we would face a dangerous situation. So we should put a reasonable limit on any such feature. It is, of course, for the members of this committee to decide what a reasonable limit is; but the members of the Banking and Currency Committee felt that with the other features we have put in the bill the Government is doing a great deal to help building. It is my belief that we had better retain this limit until we have some actuarial figures; some figures based upon experience to see how the plan works out.

Mr. ELLENBOGEN. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. ELLENBOGEN. Does not the gentleman believe that a limitation on new construction of \$2,000,000,000 is rather low and not unreasonable?

Mr. HOLLISTER. The gentleman still fails to understand what I have said. I am not limiting new construction.

Mr. ELLENBOGEN. I am talking about this feature of the bill. I know there are several others.

Mr. HOLLISTER. I think that \$1,000,000,000 is adequate, or I would not be standing here on my feet saying so.

Mr. ELLENBOGEN. I do not agree with the gentleman.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in sympathy with the general purpose sought to be accomplished by the gentleman from Pennsylvania [Mr. ELLENBOGEN], but if the gentleman's amendment is not adopted, I propose to offer an amendment in line 23 on page 47, striking out the language "and insurance of mortgages on homes constructed after the passage of this act shall be limited to a similar amount."

This not only accomplishes the purpose the gentleman from Pennsylvania has in mind, but it brings the bill in line with the original Fletcher bill which carried no limitation on future building. I hope the gentleman's amendment will be defeated, so I may take off all limitation and bring this in line with the Fletcher bill.

Mr. ELLENBOGEN. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. ELLENBOGEN. The gentleman from Massachusetts believes that even a limitation of \$2,000,000,000 is too great a limitation, that there should be no limitation on new construction at all. I believe the gentleman is mistaken. I believe we should have some limitation, and I hope the committee will support this limitation of \$2,000,000,000.

Mr. CONNERY. The reason I want to strike out the limitation is because the Fletcher bill did not put any limitation on new construction. That will be well taken care of if we follow the lines of the Fletcher bill.

Mr. ELLENBOGEN. A limitation will be placed on it before the bill finally becomes law.

Mr. CONNERY. Even so, I prefer to have no limitation in it now. I want to see the bill passed as it was originally introduced—the Fletcher bill, the bill the President has intimated that he favors.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. HANCOCK of North Carolina. Will the gentleman give us the benefit of such knowledge as he may have as to what would be the extent of the insurance under this bill if this provision is stricken out?

Mr. CONNERY. I do not know the exact amount. I am favoring the Fletcher bill, which the President and labor say they want; and I am for anything that will bring this legislation in line with the Fletcher bill.

Mr. HANCOCK of North Carolina. Does the gentleman understand that if we strike out this limitation it might involve the Government in an ultimate liability of \$10,000,000,000?

Mr. CONNERY. I am not worrying about what it will involve the Government in on that score. I know when the gentleman from Alabama [Mr. STEAGALL] with the House conferees and the conferees of the Senate get together the Government will be well taken care of and will not be involved in any trouble along the lines that the gentleman may fear.

Mr. HANCOCK of North Carolina. We certainly hope the Government will be well taken care of.

Mr. CONNERY. It will be well taken care of by the conferees.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. MARTIN of Colorado. The language of the Fletcher bill and the Steagall bill as originally introduced in the House are not the same.

Mr. CONNERY. It is my understanding the language of the original bills was the same.

Mr. MARTIN of Colorado. The original bill before the Committee on Banking and Currency and the Fletcher bill are just the same, and constitute the bill the President wants.

Mr. CONNERY. Yes.

Mr. CAVICCHIA. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CAVICCHIA. Does not the gentleman think that inasmuch as Congress will again be in session less than 7 months from now that \$1,000,000,000, which is a very large sum of money, is enough with which to work during the balance of the year, and that then if more is needed they can come back and ask for more? This was the situation with respect to the R.F.C., the Home Owners' Loan Corporation, and the Federal land bank.

Mr. CONNERY. That may sound plausible, but I prefer to leave it in the hands of the President on this bill.

Mr. CAVICCHIA. Let us find out how far \$1,000,000,000 will go toward getting men to work.

Mr. CONNERY. The President says he wants the Fletcher bill, and I am for what the President wants in this bill.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. DUNN. Will not the gentleman agree that 4 percent of the people of the United States owning 96 percent of the wealth of the United States is a limitation?

Mr. CONNERY. Yes. We have had that limitation thoroughly explained before the Committee on Labor, as the gentleman from Pennsylvania, a member of our committee, well knows.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. CONNERY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONNERY: Page 47, line 23, after the word "stock", strike out the remaining language of lines 23 and 24 down to and including the word "amount."

Mr. CONNERY. Mr. Chairman, this is simply what I explained a moment ago. I desire to bring this bill back to the Fletcher bill, which is in line with what the President and labor want.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. HANCOCK of North Carolina) there were—ayes 27, noes 47.

Mr. CONNERY. Mr. Chairman, I ask for tellers.

Tellers were refused.

The amendment was rejected.

The Clerk read as follows:

SEC. 106. In order to make available to the Corporation adequate resources for the making of loans and advances under the provisions of section 104 of this act, and for the purposes of section 105 of this act, the Corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue and have outstanding its notes, debentures, bonds, or other obligations; such obligations to have such maturities, bear such rates of interest, and contain such other terms and conditions as the Secretary of the Treasury shall approve. Such obligations shall be fully and unconditionally guaranteed, both as to principal and interest, by the United States, and shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or by any State, or by any political subdivision of either. The Secretary of the Treasury is authorized to purchase such obligations and for that purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder.

Mr. CELLER. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CELLER: On page 48, line 14, after the word "States", strike out the words "and shall be exempt, both as to principal and interest, by the", and strike out lines 15, 16, 17, and strike out, on line 18, the words "of either."

Mr. CELLER. Mr. Chairman, I offer this amendment in a pro forma way and I shall withdraw it at the conclusion of my remarks. It deletes from the housing bill all tax-exemptions on the bonds and securities issuable thereunder.

I offer this amendment to sound a warning that we have been issuing tax-exempt securities to such an extent that

the Nation is facing the manifest danger of setting up a highly special and privileged class that will be wholly exempt from taxation. This bill adds to the great amount of tax-exempt securities already existing, which I believe is approaching some \$40,000,000,000. This bill involves no more and no less than an authorization of tax-exempt bonds to the extent of \$3,800,000,000.

The Home Credit Insurance Corporation provisions contemplate bonds up to \$2,200,000,000. The home-loan bonds are increased from \$2,000,000,000 to \$3,500,000,000. The Federal Savings and Loan Insurance Corporation section authorizes \$100,000,000 of bonds. To the already vast amount of tax-exempt bonds you now add three billion, eight hundred million more. Where and when will you place the limit?

We have for consideration in the Judiciary Committee a constitutional amendment which I offered to preclude in the future the issuance of tax-exempt securities, either by the Federal Government or by the 48 States. This amendment has the whole-hearted approval of the Secretary of the Treasury, Mr. Morgenthau, and the administration. Similar bills have had the approval of previous administrations, including Secretary of the Treasury Mills and Secretary of the Treasury Mellon. Yet we seem not to be able to get to first base with any abolition of the privilege of tax exemption. We are the only country that permits such exemption.

I warn the House that it is incumbent upon us to cease the issuance of this type of security. We lose upward of probably \$350,000,000 of revenue every year, and, as I said before, we are allowing a privileged class to go unwhipped, as it were, of taxes. It must stop. It is an evil—a palpable evil. If not scotched it will destroy our Government. It creates discrimination among taxpayers. It creates much discontent and social unrest.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Michigan.

Mr. WEIDEMAN. I wonder if the gentleman is aware of a petition by the gentleman from Texas which prevents the issuance of more tax-exempt bonds, now on the Speaker's desk? If the gentleman would sign the petition, it would be the shortest way.

Mr. CELLER. The question of signing petitions and voting on measures in the regular way are two entirely different things.

May I call the attention of the House to the fact that one of the main causes of the French Revolution was the setting up of privileged tax-exempt classes. First, it was stated that the members of the clergy in France should be exempt from taxation. Then the nobles received exemption, and then the lawyers in France received exemption, and so on, until only a very small portion of the population of France paid any taxes whatsoever. The result you well know.

I do not presume that there will be anything like a French Revolution in this country, but certainly it is quite undemocratic to invade the principle that our taxes shall be placed upon those who have the greatest or the greater ability to pay. The ability-to-pay principle is utterly destroyed. If we keep on issuing these tax-exempt securities without let or hindrance, we will destroy this basis of public revenue and create a social evil of first magnitude. It very improperly and unjustly casts the greater part of the tax burden upon earned incomes and gives more or less immunity to unearned incomes.

It has been said that if we take away this exemption the Government would not get as much for its bonds. It probably would not get the premium which it receives from these tax-exempt bonds, but I think that advantage is far outweighed by the loss of revenue, and this applies not only to the Federal Government but to the bonds issued by the State governments and their instrumentalities like the cities, drainage districts, irrigation districts, the port authorities, counties, and school districts. These exemptions divert capital from productive enterprise, industry, and agriculture. There is where money is mostly needed—in industry and farming.

I urge all of you to give some thought to this matter, and I warn you that I will do all in my humble power to preclude the further issuance of this type of bond.

Mr. RICH. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Pennsylvania.

Mr. RICH. Would it be the intent and purpose of the gentleman to see to it that the Government recalled all tax-exempt securities as soon as possible? I think if the gentleman included that feature it would be a very fine thing.

Mr. CELLER. We have the right without an amendment to the Constitution to tax these bonds under this bill and to withdraw all exemptions from all Federal bonds. It is not necessary to have an amendment as far as Federal bonds and Federal securities are concerned, but we do need the amendment as far as the bonds and securities of the States and their instrumentalities are concerned, as well as securities issued by the cities and the municipalities. We must have a constitutional amendment to prevent the States from taxing our Federal bonds and securities. The only fair way to do it is by an amendment to the Constitution, and I am sure that the Judiciary Committee of the House in the next session will act consistently with that attitude.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I ask unanimous consent to withdraw the pro forma amendment.

I do this because it would be highly unfair to start at this point and take exemption from the bonds authorized by this housing bill. We would destroy the efficacy and the benefits of the housing bill. You could not sell the bonds without these exemptions in competition with the billions of bonds with exemptions now outstanding. We must treat all the bonds alike—of all issues—State and Federal. This can only be done by a constitutional amendment.

Of course, the voluntary withdrawal of the tax exemptions, I repeat, from securities issued by and under the authority of the Federal Government requires no constitutional amendment. But to do this as to Federal securities alone would involve an unjust discrimination against the National Government and give a great advantage to the State and local governments.

It seems clear since the decision of *Evans v. Gore* (253 U.S. 245), that the sixteenth amendment does not permit the Federal Government to tax income derived from State or municipal securities. That is why I state that the only effective means of restricting the further issue of tax-exempt securities by State or municipal governments would be by a constitutional amendment. I am informed that such an amendment would doubtless meet with much opposition on the part of some of the States who fear that they could not successfully float State issues for public improvements in the States without tax exemptions.

We must get the amendment passed despite this objection. It is important also to determine whether the constitutional amendment prohibiting exemptions should be limited to future issues of State and Federal bonds or should apply also to outstanding issues which now enjoy tax exemption. Personally, I am of the opinion that there should be no tax exemption of any sort whether the bonds are now issued or are to be issued in the future.

We have certainly made a hodge-podge of the exemptions. Some of our Federal bonds are exempt from all taxes, normal taxes, surtaxes. Some of them are exempt from normal taxes only. Others are only exempt from surtaxes. The whole wretched business must be wiped out. It is a pandering to the appetites of the more wealthy. It relieves the risk of the burdens placed on those who are more able to pay the tax.

I hope therefore that my warning will not fall on deaf ears and that those of us who are in the next House will take warning and do all in our power to right this wrong, to prevent the further issuance of tax-exempt securities.

It is interesting to note that such constitutional amendment passed the House in 1932. It was the Green bill. The vote was 223 yeas, 101 nays, 101 not voting. I assure

you that my amendment will pass the next House, if I am privileged to be in there, by greater numbers.

My resolution providing for such constitutional amendment is as follows:

House Joint Resolution 240

Joint resolution proposing an amendment to the Constitution of the United States

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. The United States shall have power to lay and collect taxes on income derived from securities issued after the ratification of this article by or under the authority of any State, but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of the United States or any other State.

"SEC. 2. Each State shall have power to lay and collect taxes on income derived by its residents from securities issued after the ratification of this article by or under the authority of the United States, but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of such State."

In this connection, permit me to repeat the words of my esteemed friend, Senator ASHURST, Chairman of the Senate Judiciary Committee, on this important matter:

Many lawyers, respectable in ability, are of opinion, in view of the sixteenth amendment, that no further constitutional amendment is necessary in order to lay and to collect taxes on incomes and interest derived from securities issued by the United States or by any State.

I must admit that the majority opinion of the bar is that a constitutional amendment is required.

Moreover we may not ignore the following recent decisions of the Supreme Court of the United States, holding that the sixteenth amendment did not extend the taxing power to any new class of subjects, but merely removed all occasion, which otherwise might exist, for an apportionment among the States, of taxes laid on income, whether it be derived from one source or another. (*Brushaber v. Union Pacific R.R. Co.*, 240 U.S. 1; *Peck & Co. v. Lowe*, 247 U.S. 165, 172; *Eisner v. Macomber*, 252 U.S. 189; *Evans v. Gore*, 253 U.S. 245, 259; *Metcalf and Eddy v. Mitchell*, *Admr.*, 269 U.S. 514, 521.)

Therefore, in view of these decisions, expensive and protracted litigation may be avoided by this amendment, which if submitted by the Congress would probably be ratified by the States before the question could directly and finally be decided by the courts.

Mr. President, it is interesting to observe that the first exemption of income of State and municipal bonds from such taxation was announced by the Supreme Court of the United States in its famous decision, declaring all Federal income taxes unconstitutional (*Pollock v. Farmers' Loan & Trust Co.*, 157 U.S. 429, et seq.).

Should my proposed amendment be submitted and ratified, the case of *Pollock* against *Farmers' Loan & Trust Co.* will have the unique distinction of bringing two amendments to the Constitution, or rather two amendments were required to overcome the effects of that decision.

My proposed amendment strikes at an evil in our system of taxation which is already great, and if unchecked, will grow—indeed has grown—to such magnitude as to threaten the existence of our institutions. We must assume that the Constitution of the United States, as it now stands, not only permits the issuance of tax-exempt securities by both the Federal and the State Governments but prevents the Federal Government on the one hand from levying an income tax on securities issued by the several States, and the States on the other hand, from levying an income tax on the securities issued by the Federal Government.

Students of our form of government recognize, of course, that the question is complicated owing to the very nature of our constitutional system of dual governments, Federal and State.

The existence of conditions that enable any municipality or political subdivision to issue tax-free securities directly permits a certain class of property owners to partake of the comforts and benefits of government without bearing any share of the expense burden of government.

All private property should pay its just proportion of the expense of maintaining the Government.

The issuance of tax-exempt securities permits:

- (1) A large portion of property to escape taxation, thereby causing great loss of revenue;
- (2) It violates the sound tax principle of "ability to pay" and it unfairly discriminates among taxpayers;
- (3) It discourages investment in new enterprises;
- (4) It encourages extravagances of governmental agencies;
- (5) It grants private subsidies and special privileges obnoxious to our system;

(6) By withdrawing money from private enterprises it increases the rate of interest required for all enterprises not carried on by the Government and thereby adds to the cost of living;

(7) It creates, and quite naturally, social unrest.

It will be observed that the form of my amendment forbids discrimination against securities issued by the States, or under their authority, in favor of national securities, and that the States, on the other hand, are forbidden to discriminate against the securities issued by the Federal Government.

Vigor and vision are the supreme need of the hour, and unless we act with promptness on this subject the National Government and some of the States will bog down and sink into the grasp of the all-smothering, all-destroying quicksands of insolvency.

Mr. BOILEAU. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOILEAU. Mr. Chairman, the gentleman has asked that he be permitted to withdraw an amendment which he has offered. I have on the Clerk's desk an identical amendment, with the exception of a change of a word or two. I have no objection to the gentleman withdrawing his amendment if I may be privileged to offer practically the same amendment. May I ask whether or not I shall be privileged to offer the amendment?

The CHAIRMAN. The gentleman will have the opportunity to offer his amendment at the proper time.

Is there any objection to the request of the gentleman from New York?

There was no objection.

Mr. BOILEAU. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU: On page 48, line 14, after the words "United States", strike out the remainder of the sentence down to the period in line 18.

Mr. BOILEAU. Mr. Chairman, this amendment strikes out the language beginning on page 48, line 14, after the words "United States", down to and including the word "either" in line 18.

This takes out the provision which makes these securities tax exempt. We have been talking about tax-exempt securities during the Seventy-second and Seventy-third Congresses. Gentlemen get up on the floor of the House and condemn the practice, but so far as I recall there has not been a direct issue on this question.

I am satisfied that a vast majority of the Membership of this House is opposed to a continuation of this policy, and I do not propose to withdraw this amendment. I hope the Membership of the House will signify in no uncertain manner their disapproval of the continuance of this policy. There is no better time in the world to stop this practice than right now. I hope the Membership of the House will support this amendment and will make it quite clear that from here on and hereafter the House will not approve any further issuances of tax-exempt securities.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Michigan.

Mr. WEIDEMAN. I simply want to ask the gentleman if he has signed the petition that was on the Speaker's desk to bring out the bill of the gentleman from Texas [Mr. PATMAN] to prevent the further issuance of tax-exempt securities.

Mr. BOILEAU. I assure the gentleman I have signed that petition, and I also wish to assure the gentleman that I signed the petition filed by the gentleman from Indiana, Mr. Hogg, in the Seventy-second Congress, which was on the Speaker's desk, providing for a constitutional amendment to this effect. I shall not only talk about it but I shall sign any such petition if it will be helpful in enacting this legislation.

Mr. WEIDEMAN. I had assumed the gentleman from Wisconsin had done that because the gentleman is one Member of the House who votes the way he talks, and I compliment him for it.

Mr. BOILEAU. I thank the gentleman for his statement.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Pennsylvania.

Mr. RICH. I hope the gentleman will press his amendment because it is a good thing to put the Membership of the House on record when they talk one way and are afraid to vote the same way.

Mr. BOILEAU. I thank the gentleman for his contribution and I may assure him that I shall do all I possibly can to bring about the adoption of this amendment.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CELLER. Does not the gentleman think it would be rather unfair to remove the tax-exempt feature from these bonds when all the other bills involving the same principle have provided tax-exempt bonds?

Mr. BOILEAU. No. We have got to stop sometime. We have put this exemption in the home-owners' bonds and that takes care of the home owners and their bonds. We have also included a tax-exempt provision so far as the farm-loan bonds are concerned, and I can see no reason why in this bill we should continue the tax-exempt feature, because this section of the bill is primarily to help banks, and so forth, to make these loans, and I do not see how the withdrawal of the tax-exempt feature will in any way prejudice the home owner or any of the other people we are trying to help.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CHRISTIANSON. I would add to what the gentleman from Wisconsin has said, that we are placing no reasonable limitation upon the interest that may be charged by these building-and-loan associations and other financial institutions and, therefore, they certainly should not object if we impose a tax upon these securities.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Texas.

Mr. McFARLANE. I have offered a bill on this very proposition to stop this tax-exempt bond racket, and I hope the gentleman will insist on his amendment and let us get a record vote, even if it is necessary to have a motion to recommit.

Mr. BOILEAU. I am going to insist upon it so far as I am able to do so.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Pennsylvania.

Mr. ELLENBOGEN. I want to endorse what the gentleman from Pennsylvania [Mr. RICH] has said. The time has come when we ought to stop this tax exemption of bonds, and we ought to stop it now.

Mr. BOILEAU. Mr. Chairman, there seems to be an overwhelming sentiment in favor of the amendment, and I hope the vote will also be in favor of it. [Applause.]

Mr. TERRELL of Texas. Mr. Chairman, I had an amendment to offer as a substitute and I protested the withdrawal of the other amendment, so that my substitute was not in order.

I now offer a substitute amendment in lieu of the amendment offered by the gentleman from Wisconsin. It is exactly the same thing except it is two or three lines broader, and we can get a direct vote on the entire question.

The Clerk read as follows:

Amendment offered by Mr. TERRELL of Texas, as a substitute for the amendment offered by Mr. BOILEAU: On page 48, beginning in line 12, after the word "approve", strike out down to and including the word "either", in line 18.

Mr. TERRELL of Texas. Mr. Chairman, I may say that this amendment strikes out the guaranty provision, and also the provision that exempts the securities from all taxation.

I want to say in regard to the bill and this amendment that I want a direct vote on this proposition to see whether the House is in favor of continuing this tax-exempt racket that has been going on too long.

Now, Mr. Chairman, I have listened patiently to these appeals for funds for the housing projects—to clean up the slums in the cities—by the gentlemen of New York, Mr. O'CONNOR and Mr. SIROVICH, and the gentleman of Indiana,

Mr. GREENWOOD, telling us about the difference between the palace of the rich and the hovel of the poor, and that the bill equalizes the two extremes, and I want to ask these gentlemen when and where they can find anything in the Constitution of the United States to authorize the Government to go into the business of building houses and cleaning up slums in the cities? I dare any one of them to state one single clause in the Constitution that authorizes that thing.

Mr. SIROVICH. The general-welfare clause.

Mr. TERRELL of Texas. The general-welfare clause is a play upon words. I want to say that you have branched out in appropriating money for everything in the world that you can think of, and yet there is a limitation—there will come a time when the Government will be in default and sell her bonds at a discount.

You cannot find any word or clause in the Constitution where Congress is authorized to expend a dollar to clean up the slums in the cities or build houses.

There was a time when men built their own homes. Abraham Lincoln built his own home. He was born in a log house. I was born in a log house, and helped to build many log houses.

Mr. SIROVICH. Suppose the Supreme Court of the United States declared it constitutional, would the gentleman vote for it? We must abide by the decision of the Supreme Court, but the Court has never held any such law as this constitutional.

Mr. TERRELL of Texas. I want to say to the gentleman from New York that the State of New York is the richest State in the Nation and the city of New York is the richest city in the world. What is to hinder that State or the city of New York issuing bonds to clean up the slums in its own cities, instead of trying to get their hands in the Treasury of the United States to do it?

The CHAIRMAN. The time of the gentleman from Texas has expired.

(Mr. TERRELL of Texas asked and received permission to extend his remarks by inserting in the RECORD the following letter to the President:)

MAY 21, 1934.

HIS EXCELLENCY FRANKLIN D. ROOSEVELT,
White House, Washington, D.C.

DEAR MR. PRESIDENT: As the time is drawing near for adjournment of Congress and as I never have an opportunity to talk with you on any questions submitted to Congress, I desire to make a few suggestions concerning pending legislation.

There are a few paramount problems to be solved before complete recovery is possible. The first is the monetary question—the establishment of a currency system that is sound and with sufficient volume and flexibility to meet all requirements of agriculture, industry, and commerce under all conditions.

You made a good start in reducing the gold content of the dollar, and this slightly raised commodity prices and revealed no signs of uncontrolled inflation. You should now reduce the gold content to 50 percent of the original amount of gold in the dollar in order to increase the number of dollars. This will raise commodity prices a little more, but not to the 1926 price level. This action should be followed by an act of Congress nationalizing silver and making it a part of our metallic base.

I would limit this to 25 or 30 percent of the metallic base, and this, with our gold reserve, would give a fairly broad metallic base for the issuance of currency to meet the demands of trade. The price level should be raised to the 1926 price level as soon as possible, and this may be done without danger of uncontrolled inflation. We cannot trust the private banks to regulate the volume and value of money, as they have had their opportunity and failed. The issuance of money and regulating its value is a Government function.

Commodity prices will depend as much, or more, upon the volume of money in circulation and the velocity of business turnover, as upon supply and demand, both of which factors must be considered in controlling inflation and proper price levels. Commodity prices cannot be raised to the 1926 price level and existing debts cannot be paid without cheaper money, because it takes twice as much products to pay the debts as it did when they were created. There are enough food products and clothing in the country to prevent suffering and to supply all the needs if we could establish a proper exchange of labor and raw products (through the medium of money) for the things we need.

The next big problem is decentralization of government and the limitation of the taxing power and governmental expenses. The Government cannot continue to issue bonds and tax the people beyond their ability to pay without danger of deepening the depression, which would cause more suffering, and probably bankruptcy and repudiation of debts. Men hesitate to put their money into business enterprises when there is a safe avenue of escape

from business hazards by putting it in Government bonds at 3- or 4-percent interest without worry or danger of loss.

It seems to me that the Government is greatly overmanned and is endeavoring to give too much advice and financial aid to individuals and corporations that could take care of themselves through the aid of the States and the citizens if they were not permitted to raid the Federal Treasury. All problems now seem to be considered from a national viewpoint, like governmental problems of monarchies, instead of the standpoint of a union of free States, as contemplated by the Constitution. Governmental expenses can be greatly reduced under a proper reorganization of the governmental structure, eliminating useless governmental agencies.

The last Democratic platform declares: "We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance to accomplish a saving of not less than 25 percent in the cost of the Federal Government." This demand of the platform has not been met and the only intelligent way to do this is to have a committee of Congress appointed to investigate and examine the work of these departments, commissions, and bureaus, and report their findings to the next Congress, recommending which ones can be abolished or consolidated without destroying a necessary service to the people. Much of the work of these agencies can be done by the States in keeping with the purpose and intent of the Constitution.

I have introduced such a resolution, but it cannot be passed without your support. It ought to be passed in order to secure data for congressional action.

For the best interest of the country, all controversial questions should be dropped and Congress should adjourn immediately and give business a chance to solve its own problems without fear of destructive legislation. Only such imperative problems as a safe financial structure for raising commodity prices and assisting business recovery, and for reducing the heavy tax burdens and the personnel and expenditures of our overmanned and topheavy Government should be considered now.

It is not possible for the Government to build all the houses needed; manage all the business of the country; pay all the debts; settle all the strikes when men receiving \$8 or \$10 a day are striking for higher wages, with millions of men out of employment. Nor is it possible to give employment to all unemployed people or catch all the criminals. A good stiff reward offered by each State would catch more criminals than a thousand hired men with armored cars and machine guns furnished by the taxpayers. No government can finance all these activities and remain solvent. Respectfully,

GEO. B. TERRELL.

TAX-EXEMPT SECURITIES CREATE A PRIVILEGED CLASS WHO DO NOT HELP BEAR THE BURDENS OF TAXATION AND GOVERNMENT

Mr. BUSBY. Mr. Chairman, there is no question in my mind that tax-exempt securities, if indulged in to a great extent as in the case in the country at the present time, will create an entirely privileged class of people who hold these securities and guaranties of the Government, and will look only to the interest that must be paid by the taxpayers of the country.

Undoubtedly those securities are piling up in this country at this time. The declared purpose of the bill in the title does not disclose the contents of the legislation. You will remember when we passed many farm bills in other days the title declared them to be workable, but the work out was another thing entirely.

GOVERNMENT CREDIT WILL BE EXHAUSTED ONE OF THESE DAYS

I asked Mr. Harriman, president of the United States Chamber of Commerce, when he was before our committee:

Do you have an idea as to the amount of credit the Government may use before its credit may be exhausted or impaired in carrying out the recovery program? (Committee hearings, p. 140.)

As important a man as the president of the United States Chamber of Commerce answered that he had made no estimate, no calculation as to how far we could use the credit of this Government in carrying out this program. He did say in substance, if not in words, that he was back of the type of activity on the part of this Government which would sponsor the issuance of bonds in order to put them into the hands of the investors, to finance this recovery program.

HEAVY BOND SALES WILL PREVENT COMMERCIAL RECOVERY

That is detrimental, because every bond sale is a deflation. It has to be paid for with money or its equivalent, and that takes that usable thing away from business, and we have only the proceeds of those bonds with which to try to recover the deflated condition created by their sale.

Mr. Chairman, this bill will not work, and you will never see it work satisfactorily. I will vote for it for the little good it may do. It is just like the Home Owners' Loan

Corporation, with about \$18,000,000,000 of demands and a possibility of \$2,000,000,000 of funds to loan. The loan money is exhausted now, and they are ready to come and ask us for another billion and a half with which to carry on the loan business, and I favor providing the money for them.

CREATING DEBTS WILL NEVER GET US OUT OF THIS CONDITION

When the administration and the Congress realize that creating debts will only give us a worse condition and a worse status when the debts and interest come due, then we will begin to work to proper ends. What we will have to have is a reliable media of exchange, so that business may carry on without having to come to the Federal Treasury. Selling bonds will never do it. Bonds do not circulate. Bonds freeze liquid bank assets and retire them from the possibility of being used by business. We must have profits in business, so that private business can pay people wages so they can again become consumers of food products and goods. We must have employment, because there is profit in business, and without those things—profits in private business and wages—this kind of temporary legislation that pledges more and more and more the credit of this country for present spending needs to back up fantastical schemes will never succeed. Pay day will certainly come some day. We cannot always borrow.

Mr. CONNERY. Mr. Chairman, ordinarily, I would be in thorough sympathy with the amendment offered by my friend the gentleman from Wisconsin [Mr. BOILEAU], but in this proposition just referred to by the distinguished gentleman from Mississippi [Mr. BUSBY] the Home Owners' Loan Corporation had great difficulty in getting the banks to take over those bonds because the principal was not guaranteed.

Mr. BOILEAU. Oh, my amendment does not take away the guaranty of principal. I believe in guaranteeing the principal, but I seek to do away with the tax-exempt feature.

Mr. CONNERY. I know; but we cannot make this a successful bill and it cannot be put over right to protect the small-home owner and insure these mortgages unless the bond issues can be put out with the tax-exempt feature. I am in favor of taxing tax-exempt securities, but I will not pick out the small-home owner and penalize him because of the people who are hiding behind tax-exempt securities now and who will not be affected by the amendment. The argument that "now is the time to stop it" I do not agree with. If the gentleman had a bill here which would do away with all tax-exempt securities, I would be only too happy to favor it, but I do not believe in penalizing this housing bill merely to get something started toward doing away with tax-exempt securities.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. BLANCHARD. The only effect of the removal of the tax-exempt feature would be to sell the bonds at a discount.

Mr. CONNERY. Yes.

Mr. BLANCHARD. The bonds still would sell.

Mr. CONNERY. Yes.

Mr. BLANCHARD. But we might have to sell them at a discount, because of the removal of the tax-exempt feature.

Mr. CONNERY. Yes; but other bonds which would not be penalized like this would get the ready market and you would be discriminating against these housing bonds when they wanted the money to put the provisions of this bill into effect, and you would not be able to get it.

Mr. CELLER. We would have a perfect right at the next session to tax these very bonds which are now tax exempt, because the power to create is the power to destroy. We create the tax-exempt feature and we can take it away. There is nothing in that about the violation of a contract. We have a perfect right at any time to take all of the tax-exempt securities issued by the Federal Government and tax them, and I should be pleased to put decisions into the Record to show that. We can remove those exemptions, but for the sake of passing the bill you would make it impossible to have a successful operation of it.

Mr. CONNERY. It is estimated that there are some \$36,000,000,000 worth of tax-exempt securities; and if you

would tax them 1 percent, you would get \$360,000,000. I would be glad to favor the passage of legislation to tax tax-exempt securities, but I do not believe in picking out this one bill to try it on, as that would discriminate against the small-home owners of the country.

Mr. BOILEAU. Last year we passed the Home Owners' Loan Corporation bill, the bill which provided for refinancing loans on small homes, and that same argument was used—that we could not start at that time—and we provided for tax exemption of those bonds. The same thing came up when the farm-loan bonds were issued. When are we going to stop? The bill here will not penalize the small-home owner if we take off the tax-exempt feature.

Mr. CONNERY. It would penalize those who would benefit under this bill in general. I am not in favor of discriminating against this class in favor of others who have tax-exempt securities now.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CHRISTIANSON. Does the gentleman not think if these people get the benefit of tax exemption a limitation should be placed on the rates of interest they can collect on their mortgages?

Mr. CONNERY. Oh, I would let this go as it is, and will be glad to do anything to do away with all tax-exempt securities. I do not believe, however, in picking out this one bill to do it with, especially in these closing days of Congress, when it might be too late to bring all other tax-exempt securities in line with this.

I hope the amendment will be defeated.

[Here the gavel fell.]

Mr. CAVICCHIA. Mr. Chairman, I rise in opposition to the amendment. I shall be brief. I simply want to call the attention of the committee to the two amendments before you. One has to do with the tax-exemption clause. If you approve that amendment, you will have two types of debentures issued by the Home Owners' Loan Corporation; one will be tax exempt and the other will not be.

The second amendment is a very dangerous one. It strikes out line 12 to line 18. We have had experience in the past year with the first debentures issued by the Home Owners' Loan Corporation, which were guaranteed only as to interest, and not as principal, by the United States Government. The financial institutions did not want to have anything to do with that type of debenture. It was not until this Congress amended the law at this session, when the Government guaranteed both principal and interest, that the Home Owners' Loan Corporation really started to do that for which it was created. This second amendment will take us back to where we started a year ago; and if you accept this amendment, the law will not be worth the paper on which it is written. I hope you will defeat the amendment.

Mr. WEIDEMAN. Mr. Chairman, I move to strike out the last word. We have heard a lot of conversation about removing these tax-exempt securities from the protection we have thrown around them. I checked up one day, and I think there are 37 bills preventing issuance of tax-exempt bonds introduced for home consumption by Members of the House. There has been on the Speaker's table a petition to discharge the committee from consideration of one of those bills, to get it before the House for consideration, and there are only 15 names on that petition. These are some of the things I am anxious to bring to the attention of some of the Members of this House. I am going to vote for the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU] and not vote for the amendment offered by the gentleman from Texas [Mr. TERRELL], due to the experience of the Home Owners' Loan Corporation with its other bonds. Unless both principal and interest be guaranteed there is no sale for those bonds. But I see no necessity of also issuing tax-exempt bonds when the Government of the United States stands behind this issue.

Now, there are not so many good issues of securities going on the market for sale. Any bond that has the guarantee of the Government should be attractive enough to get some purchasers.

You say this is not the day to start. That same cry has been ringing through these legislative halls for years. When we were considering S. 2766, the Glass-Steagall bill, which allowed these very bonds to be deposited with the Federal Reserve Bank, and allowed them to get new currency issued for one-thirtieth of 1 percent, Members said that was not the time. Still we have heard the wail go through these Chambers for years and years. When the bill S. 2766 came before this House there were only 38 Members who voted against giving this bonus to the bankers. If we issue enough tax-exempt bonds it is the surest way of putting our people in subjugation, because the 10,000,000 bonds we are going to issue at this session of Congress will cost the taxpayers of the Nation \$30,000,000 before they get through retiring the issue. If you think we can tax ourselves out of debt, you and I disagree.

Mr. DUNN. Will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. DUNN. Did not some gentleman make the statement yesterday that this is not the time or the place to wipe out the slum districts?

Mr. WEIDEMAN. I did not hear that. They may have said it. We have heard a lot of talk about that. But we must start somewhere, and if you are going to vote the way you introduce bills and the way you talk to the folks back home, this is the time to do it. I suggest that we vote against the substitute amendment offered by the gentleman from Texas and vote in favor of the amendment offered by the gentleman from Wisconsin. Now and today is the time to start. I want to be able to go back home and tell my folks that I not only talked this 2 years ago, but I am willing to go down the line and give the fellow at the bottom of the heap a little actual relief by voting against more tax-exempt bonds, without continually paying subsidies to Wall Street bankers who tell us that if we do not give them these tax-exempt securities the Government will not be financed. I still have confidence that this Congress is capable of devising ways and means of remedying the situation we find ourselves in.

I yield back the rest of my time, Mr. Chairman.

Mr. STEAGALL. Mr. Chairman, the obligations to which the exemption would apply are direct obligations guaranteed by the Government of the United States. I do not think there is any good reason why that exemption should be withdrawn from such obligations. Alexander Hamilton taught, and such has been the generally accepted view, that it was inconsistent and unwise for the Government to undertake to put a tax on such obligations. Moreover, in practical operation, such plan would be a waste of effort. It would be like taking money out of one pocket and putting it into another. If the Government does not exempt its obligations from taxation, of course, the obligations will not command the same market value that they would with the exemption attached. Any tax collected would be covered by higher interest to be paid, and the cost of collection would have to be added.

The States and many subdivisions of government are permitted to issue tax-exempt obligations in the exercise of their sovereignty, and the Federal Government has not seen fit by a constitutional amendment to take away from the States and other subdivisions, this right. So long as that may be done, it would be a discrimination against the obligations of the Federal Government to place such a limitation upon the exercise of this right of the Federal Government. The States and other political subdivisions through the use of the right of issuing tax-free obligations are enabled to tap the sources of investment and the credit facilities of the country for the upbuilding of undeveloped sections and to provide necessary funds for the processes of growth and progress, which they could not obtain under as favorable conditions if they were not permitted to issue tax-free securities.

So this is a national problem if it be a problem. It cannot be cured by a simple amendment to this bill. The only way it can be reached, if it is desirable and wise to undertake such a reform is by an amendment to the Constitution

of the United States covering the broad field of tax-exempt securities as it exists throughout the Nation. To single out this particular bill would, of course, put this system at a disadvantage in competing in the investment market with all the other agencies and activities of government which float obligations having tax-exemption advantages. This provision of the bill is indispensable to the success of the measure and I hope the House will vote down the amendment.

Mr. Chairman, I move that all debate on this amendment and the substitute amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Texas [Mr. TERRELL] for the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU].

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—ayes 44, noes 73.

Mr. BOILEAU. Mr. Chairman, I ask for tellers.

Tellers were refused.

The Clerk read as follows:

TITLE II—ADVANCES FOR CONSTRUCTION AND REPAIR

SECTION 201. The Home Owners' Loan Act of 1933 as amended is further amended by inserting after section 5 a new section as follows:

"SEC. 5½. (a) In order to contribute to the early employment of labor in the construction, repairing, and improving of homes and small business properties, and for refinancing existing mortgages, the Home Owners' Loan Corporation is authorized to subscribe for shares, stock, make deposits, buy certificates of deposit, investment certificates, or make loans as follows:

"(1) To subscribe from time to time for any amount of full-paid income shares of Federal savings-and-loan associations.

"(2) To subscribe for any amount or shares in building-and-loan associations, savings-and-loan associations, homestead associations, or cooperative banks organized and operated under State charter or under the supervision of the Comptroller of the Currency of the United States and which are members of a Federal home-loan bank: *Provided*, That no share shall be subscribed for if such institution accepts deposits or has any other shares which are preferred as to dividends or in liquidation to such shares so subscribed: *And provided further*, That the institution in which such shares are subscribed is in such financial condition as to be able in the judgment of the board of directors of the Corporation to pay dividends at a rate of at least 3 percent per annum.

"(3) To make deposits or purchase certificates of deposit or investment certificates in savings banks and building-and-loan associations, provided such institutions are members of a Federal home-loan bank and provided the same are in such financial condition as in the judgment of the board of directors of the Corporation to be able to earn and pay on such deposits, certificates of deposit, or investment certificates at the rate of at least 3 percent per annum.

"(4) To make loans to insurance companies which are members of a Federal home-loan bank to bear interest at the rate that such companies earn on their investment capital, provided such companies are in such financial condition as to be able to earn in the judgment of the board of directors of the Corporation at a rate of at least 3 percent per annum.

"(b) The funds authorized by this section to be invested, deposited, or loaned shall be invested, deposited, or loaned in the discretion of the board of directors of Home Owners' Loan Corporation so as to contribute to the employment of labor and the maintenance, repair, modernization, enlargement, building, financing, and refinancing of homes, and small business properties. All routine and customary procedure except the minimum forms required to evidence the investment of the Government, shall be eliminated in advancing these funds in order that they be made immediately available.

"(c) Such funds shall not exceed \$500,000,000 and shall be invested, deposited, or loaned for the full term of 5 years and thereafter to be withdrawn, repurchased, or mature, as the case may be, at the discretion of the board of directors of the Home Owners' Loan Corporation but not to exceed an amount equivalent to 10 percent of the original amount of any such investment or deposit or loan in any one year."

Mr. STEAGALL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. STEAGALL: "On page 54, line 6, after the word 'homes', strike out the comma and the words 'and small business properties', and insert a period after the word 'homes'."

The amendment was agreed to.

The Clerk read as follows:

SEC. 202. The Home Owners' Loan Act of 1933, as amended, is hereby further amended by striking out from section 4, subsection (c), thereof, "\$2,000,000,000", and inserting in lieu thereof "\$3,500,000,000."

Mr. Sisson. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Sisson: "On page 54, line 23, after '\$3,500,000,000', insert 'Title III.—National Mortgage Association.'"

Mr. Sisson. Mr. Chairman, I ask unanimous consent that the reading of this title III be dispensed with as it is substantially the same as title II of the original bill, which title was stricken out by the committee.

Mr. Patman. Mr. Chairman, reserving the right to object, I have an amendment which strikes out title II and proposes to insert title II of the original act.

I ask as a parliamentary inquiry whether this is a preferential amendment.

The Chairman. It is. The Clerk will report the amendment of the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. Patman: "Strike out all of title II commencing in line 8, page 52, and ending in line 23, page 54, and insert title II of the original bill."

Mr. Patman. Mr. Chairman, I ask unanimous consent to withdraw the amendment, under the circumstances.

The Chairman. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. Luce. Mr. Chairman, I ask unanimous consent that the pending amendment may be read again.

The Chairman. Without objection, the Clerk will again read the pending amendment.

The Clerk read as follows:

Amendment offered by Mr. Sisson: Page 54, line 23, after "\$3,500,000,000", insert "Title III.—National Mortgage Association."

Mr. Sisson. Mr. Chairman, I ask unanimous consent that the reading of the amendment be dispensed with as it is substantially the same as title II of the original bill which came to the committee.

Mr. Luce. Mr. Chairman, reserving the right to object, I desire first to know if the amendment offered to add something at the end of page 54 is pertinent at this time unless the section has not been read.

The Chairman. We have finished reading that section.

Mr. Luce. Has the Clerk finished reading title II?

The Chairman. Yes.

Mr. Dirksen. Mr. Chairman, reserving the right to object, may I be informed whether the amendment precludes the offering of an amendment to title II as it is now carried in the bill?

The Chairman. It does. Title II has been passed.

Mr. Dirksen. Mr. Chairman, will the gentleman withhold his amendment for a minute until I offer an amendment to existing title II? I do not want to object, but if title II as it now stands is permitted to remain in the bill, then I do not want to be precluded from the right to offer this amendment.

Mr. Sisson. Mr. Chairman, I withhold it.

Mr. Dirksen. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Dirksen: Page 52, line 13, after the comma following the word "properties", insert "the gradual elimination of uninhabitable, insanitary dwelling structures."

Mr. Dirksen. Mr. Chairman, I shall not impose upon the committee very long, except to say that section 5½ on page 52 is really a declaration of policy with respect to construction and repair. It occurs to me that we might just as well kill two birds with one stone and while we are going in for a program of modernization and renovation of existing homes and for the building of new structures we might just as well at the same time address ourselves to the social problem of eliminating some of these insanitary and unsightly structures that we find now in every city,

village, and hamlet of the United States of America. They stand as so many eyesores. On a great many of these structures the taxes have been accruing for 15 or 20 years to the point where no one is willing to acquire such building or parcel of real estate, thereby depreciating the assessable value of real estate. They stand there as so many additional and extra fire hazards.

A certain policy might be effectuated under the provisions of this bill so that by way of construction and modernization we may eliminate some of these eyesores and some of these slatterns that stand out on the landscape more or less weather beaten to materially impair the appearance of the cities in which they stand. I see no place in the entire bill where there is a declaration of policy to the effect that it shall be the policy of the administrators of this bill that these unsightly, weather-beaten structures shall be eliminated, and I think it is absolutely necessary to include this feature somewhere in the bill so that there is at least a color of authority for those who are administering this bill and their various instrumentalities to carry out this program of elimination.

Perhaps this is as good an occasion as any to make reference to the fact that Mr. Harriman's name has been mentioned as opposing title II, and that the inference was that title II should therefore be acceptable to those who favor doing something for small home owners. I yield to no one in my solicitude for the small home owner, but I do believe it unfortunate to seek to curry favor in behalf of a provision by using an argument that seems founded on mere prejudice. By the same token, it might be said that Mr. J. M. Daiger, financial counselor to Mr. Walker, president of the National Emergency Council, who on June 9 issued a statement condemning the Banking and Currency Committee of the House for dismembering the bill by stripping it of title II, and who also stated that the House bill was the work of building-and-loan associations, can be cited as a good example of the same kind of argument. Mr. Daiger need not be so effusive with his left-handed compliments. The fact is that he was formerly in the real estate bond and mortgage loan investment field, and had for his clients bank and trust companies whose mortgages were guaranteed by large surety companies. One of the real estate guaranty firms who was one of Mr. Daiger's clients was the F. H. Smith Co., of Washington, whose president, Mr. G. Bryan Pitts, wound up in Lorton Penitentiary because of his nefarious financial practices. Mr. Daiger might well afford to refrain from throwing rocks at the building-and-loan associations, and at Mr. Bodfish, the executive vice president of the Building and Loan League. The fact is that Mr. Bodfish has for years served as a director for a building-and-loan association in Chicago, and for his services receives the munificent sum of \$35 per year.

I would like to allude to the fact that throughout the discussion on this bill, the references to the building-and-loan associations would seem to imply that they were some kind of closely controlled, private enterprises, in the same class with other financial institutions. The fact is that when you speak of buildings and loans you speak of the people, because they are nothing more than cooperative home-building enterprises. The people own them, and when their representatives come and express concern about the unfairness of title II I am disposed to listen and give heed to their opinions, because it is the people who are speaking on these matters.

Let me point out also that the original bill, with title II intact, was in my judgment a big finance bill, seeking to hand the building-and-loan folks and the home owners over to the tender mercies of large financing institutions in large centers. Consider for a moment that, under the insurance provisions, insured institutions, which means the small building and loans and others, were restricted in their operations to a 50-mile radius. The National Mortgage Associations, however, which are to be set up under title II, must have capital of five million, can issue bonds up to seventy-five million, tax exempt, and can operate all over the United States. It means some more of this remote

and dangerous financing. Only the large cities can find the money to establish such associations, but, through glib agents and salesmen, they will operate at long range in my district; and if they run true to the form set up by some of the other mortgage houses of the past, it means that there is created the possibility of giving our people another handsome fleecing. I am unalterably opposed to that sort of business.

It was said that these associations would be carefully supervised. Did not they advance the same brand of persuasive talk when the joint-stock land banks were created? Did not they talk about the need for easy money at low rates? Did not they talk about the nice yellow and green bonds issued by these banks as "instrumentalities of the Government", when they were not Government bonds at all? It was rank deception. Did not they talk about Government supervision of these banks? Where are they today? In liquidation. In receivership. Look at the market page of the daily paper and note how those bonds have fallen to less than one-third of their value. And, on top of it all, they refuse to permit farmers to pay off their indebtedness to these banks with the bonds which such farmers bought at par. That is what you call a "high-pressure skin game", and I am opposed to any similar agency that has the power to duplicate that tragic and sordid experience.

I defy anyone to point out a single section of the bill creating such mortgage associations, which guarantees low interest rates. It looks suspicious, and, when coupled with authority to issue 15 times their capital in bonds plus the authority to operate in all of the 48 States, one is forced to the conclusion that this was not in the first instance a housing bill that would bring the maximum benefits to the small-home owner.

I sincerely hope that when the bill goes to conference, the conferees will show a rare discernment and eliminate what I consider to be provision in this bill which is of very doubtful merit.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

The CHAIRMAN. Is there objection to the request of the gentleman from New York to dispense with the reading of the amendment and to print the amendment in the Record?

There was no objection.

The amendment is as follows:

Page 54, line 23, after "\$3,500,000,000", insert the following:

TITLE III—NATIONAL MORTGAGE ASSOCIATIONS

SEC. 301. Any number of natural persons, not less than five, may associate to establish a national mortgage association for the purpose of (a) lending upon the security of mortgages or such other liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located; (b) purchasing, selling, and otherwise dealing in credit instruments secured by such mortgages or liens; (c) borrowing money for any of the foregoing purposes by the issuance of bonds or debentures.

SEC. 302. Every national mortgage association created under the provisions of this title shall have power—

- (1) to have succession from the date of its organization until such time as it be dissolved by act of its shareholders or until its franchise becomes forfeited by order of the Federal Home Loan Bank Board as hereinafter provided, or until terminated by either a general or a special act of Congress, or until its affairs be placed in the hands of a receiver and finally wound up by him;
- (2) to have and use a corporate seal;
- (3) to sue and be sued, complain and defend in court of law or equity, as fully as natural persons;
- (4) to conduct its business in any State of the United States or in the District of Columbia and to have one or more offices in any such States or in the District of Columbia, one of which offices shall be designated as its principal office;
- (5) to do all such things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

SEC. 303. Persons desiring to associate themselves together to establish a national mortgage association shall, under their hands, prepare articles of association, which shall specifically state—

- (1) the name of the association, which shall be approved by the Federal Home Loan Bank Board;
- (2) the place where its principal office or place of business is to be located;
- (3) the amount of the capital stock; the classes of such stock to be issued; a statement of all or any of the designations and

powers, preferences and rights, and the qualifications, limitations, or restrictions applicable to each class of stock; the number of shares and the par value of each of such shares of each class of stock to be issued; the minimum amount of capital with which the association will commence business, which shall be not less than \$5,000,000; any provisions which the incorporators may choose to insert with reference to the management of the business and the conduct of the affairs of the association, and any provisions creating, defining, limiting, and regulating the powers of the association, the directors and the stockholders, or any class of stockholders; all such provisions to be subject to the approval of the Federal Home Loan Bank Board;

(4) the fact that the articles are prepared to enable such persons to avail themselves of the advantages of this title.

SEC. 304. The articles of association shall be signed and sealed by each of the incorporators and shall be acknowledged before a judge of any court of record, or a notary public; and shall be, together with the acknowledgment thereof authenticated by the seal of such court or notary, transmitted to the Federal Home Loan Bank Board, which shall record and carefully preserve the same.

SEC. 305. If the Federal Home Loan Bank Board shall be of the opinion that the incorporators transmitting to it articles of association as hereinbefore provided, are responsible persons and desire to create a national mortgage association for the purpose of doing business as heretofore provided, said Board shall issue or cause to be issued a certificate of approval; and the association shall become, as from the date of issuance of such certificate, a body corporate by the name set forth in its articles of association.

SEC. 306. No association shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Federal Home Loan Bank Board to do so. The Federal Home Loan Bank Board shall not grant such an authorization to commence business until it is satisfied that capital stock of a par value of \$5,000,000 has been subscribed for at not less than par and paid for in full in cash or Government securities, and until it is satisfied that all other conditions with respect to the organization of the association which it may impose have been met.

SEC. 307. The amount of bonds or debentures which any national mortgage association may have outstanding at any time shall not be in excess of either (a) 15 times the aggregate par value of its outstanding capital stock, or (b) the current value of mortgages held by it and insured under the provisions of the National Housing Act, plus the amount of cash and its equivalent and bonds or obligations of the United States which it holds. No national mortgage association shall issue any bonds or debentures except subject to the regulations of, and with the approval of, the Federal Home Loan Bank Board.

SEC. 308. Funds of any national mortgage association not invested in first real-estate liens shall be kept in cash or its equivalent or invested in bonds or other obligations of the United States or bonds or other obligations fully guaranteed as to principal and interest by the United States. National mortgage associations shall keep such reserves in cash or its equivalent as the Federal Home Loan Bank Board shall by regulation determine.

SEC. 309. Subject to such reasonable rules and regulations as the Federal Home Loan Bank Board shall from time to time declare, any national mortgage association shall have full power to, and may, manage properties purchased or turned over to it as the result of foreclosure proceedings. Such properties may be temporarily rented, rehabilitated, modernized, sold, or otherwise dealt in to assure a maximum financial return to the association.

SEC. 310. The Federal Home Loan Bank Board shall have full power to provide for the periodic examination of the affairs of every association organized under the provisions of this title, and shall have full power to terminate the existence of any such association and order its liquidation and the winding up of its affairs in the event that such Board finds the association to be violating any of the provisions of this title or any of the rules and regulations promulgated by such Board under authority granted to it by this title, or in the event such Board finds the association to be conducting its business in an unsafe and unbusinesslike manner. The Federal Home Loan Bank Board shall terminate the existence of any association organized under the provisions of this title and order the liquidation and winding up of its affairs in the event that such Board finds upon examination of the affairs of such association that the value of its assets is less than one-twentieth in excess of its outstanding liabilities and the amount of such deficiency has not been made up within 30 days after the Board has notified the association that such deficiency exists. Expenses of examination of any national mortgage association shall be assessed upon and paid for by the association being examined.

SEC. 311. The Federal Home Loan Bank Board shall have full power to provide by rules and regulations for the liquidation, reorganization, consolidation, or merger of national mortgage associations, including the power to appoint a conservator or a receiver to take charge of the affairs of any such association, and to require an equitable readjustment of the capital structure of the same, and to release any such association from the control of a conservator or receiver appointed by it and to permit its further operation.

SEC. 312. Such associations, including their franchises, capital, reserves, and surplus, and their loans and income, shall be exempt from all taxation now or hereafter imposed by the United States, and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except

surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States; and no State or political subdivision thereof shall impose any tax on such associations or their franchise, capital, reserves, surplus, loans, or income greater than that imposed by such State on competing financial corporations, domestic or foreign. Nothing herein shall be construed to exempt the real property of associations from taxation in any State or in any subdivision thereof to the same extent, according to its value, as other real property is taxed.

SEC. 313. Each national mortgage association, for the purpose of all actions by or against it, real, personal, or mixed, and all suits in equity, shall be deemed a citizen of the State in which its principal office is located.

SEC. 314. When designated for that purpose by the Secretary of the Treasury, any national mortgage association shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties as a depository of public money or financial agent of the Government as may be required of it. Any national mortgage association may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality of the United States.

SEC. 315. No individual, association, partnership, or corporation, except associations organized under the provisions of this title, shall hereafter use the words "National Mortgage Association", or any combination of such words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$100 or imprisonment not exceeding 30 days, or both, for each day during which such violation is committed or repeated. The provisions of section 5243 of the Revised Statutes shall not apply to associations created under this title.

SEC. 316. The right to alter, amend, or repeal this title is hereby expressly reserved. If any clause, sentence, paragraph, or part of this title shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this title but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Mr. LUCE. Mr. Chairman, I make the point of order on the pending amendment that there is nothing in this bill as reported by the committee relating to the question of mortgage associations.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. LUCE. Mr. Chairman, I have nothing more to say.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. SISSON. Mr. Chairman, I did not hear the point of order.

Mr. LUCE. The point of order is that the amendment is not germane in that there is nothing in the bill that relates to this subject.

Mr. SIROVICH. Will the gentleman restate his point of order. We are not sure what the gentleman has in mind.

The CHAIRMAN. The point of order is that the amendment offered by the gentleman from New York is not germane.

Mr. SIROVICH. What amendment?

Mr. BLANTON. Against what amendment is the point of order raised?

The CHAIRMAN. Against the amendment offered by the gentleman from New York. The Chair is ready to rule.

The Chair is of the opinion that the amendment offered by the gentleman from New York is germane and therefore overrules the point of order.

Mr. PATMAN. Mr. Chairman, I offer a substitute amendment which I send to the Clerk's desk.

The Clerk read as follows:

Strike out all of title II, commencing on line 8, page 52, and ending with line 23, page 54, and insert title II of the original bill, which commences with line 13, page 11, and ends on line 1, page 19.

Mr. LUCE. Mr. Chairman, I raise the point of order that title II has been passed upon by the committee and approved. A motion to reconsider is not now in order.

Mr. BLANTON. Mr. Chairman, the committee has been perfecting title II, which must be done, before a substitute for it may be offered. Each title has to be perfected before a substitute may be offered. We have only been perfecting title II, and this is offered as a substitute.

Mr. LUCE. Mr. Chairman, as I stated before, all of title II has been read, passed on, and accepted by the House. We are now to the point of having a new title introduced. The gentleman cannot return to a section that has already been passed upon.

Mr. PATMAN. The gentleman from Massachusetts is mistaken about title II having been accepted. Title II has not been passed upon as yet. I offer this as a substitute for title II.

The CHAIRMAN. The point of order of the gentleman from Massachusetts [Mr. LUCE] is overruled.

NATIONAL MORTGAGE ASSOCIATIONS

Mr. PATMAN. Mr. Chairman, title II of the original bill commences on page 11. This is for the purpose of establishing or permitting the establishment of national mortgage associations.

The argument that was made against this title II yesterday was that the General Motors Acceptance Corporation representative had something to do with writing it and that a representative of Johns-Mansville Co. had something to do with writing it, therefore no good could come out of the proposition because there two gentlemen had something to do with writing it in the bill. That was the main objection registered against it, and one gentleman, the distinguished gentleman from Maryland, made the argument that if it should be passed the General Motors Acceptance Corporation and other similar acceptance corporations would be able to take their paper which they have on property like Frigidaires and have that paper discounted by this Corporation.

I want to convince you that this cannot be done. This title II of the original bill absolutely relates to homes and nothing else but homes.

If you will turn to page 11 you will find that the association may be organized for the following purposes:

(a) Lending upon the security of mortgages or such other liens as are commonly given to secure advances on real estate.

It says:

On real estate—

And then follows—

under the laws of the State in which the real estate is located.

(b) Purchasing, selling, and otherwise dealing in credit instruments secured by such mortgages.

Which mortgages? Mortgages relating to real estate only.

And (c) borrowing money for any of the foregoing purposes.

What purposes are the foregoing purposes? Mortgages and liens upon real estate only. Therefore the argument that is made that the liens or mortgages upon Frigidaires or anything that is not connected with the construction of a home and does not become a part of that real estate will be eligible for discount with these mortgage associations is a mistake. The argument falls to the ground and the main reason the committee struck this title II out of the bill is not a good reason, because the committee is wrong about it, if the language of the bill is taken at what it says.

Now, talking about who is fighting this legislation, let us see who is fighting it. Who wants title II stricken out? Representatives of concerns that want higher interest rates in this country want title II stricken out. Title II is a provision that, I understand, the administration wants reinserted in this bill. It is the provision that will not particularly help building-and-loan associations; it will not particularly help savings associations; it will not particularly help banks, but it will help the home owners of this country, because it will reduce the interest rates that they are forced to pay. Who are the people who want interest rates held up? Well, the president of the United States Chamber of Commerce appeared before the committee and he was the first man who found objection to title II. Do not forget this. Get a copy of the hearings and turn to page 122, where Mr. Harriman's testimony commences. Nobody raised any objection to title II until the representative of big business, big financiers, big banks, and money-lending agencies appeared on the stand, and he found great objection to it. What is

your objection to it, Mr. Harriman? He says, in effect, and you may read his testimony, he is afraid it will reduce interest rates too much; and if you will look at this testimony, you will see that he says, "I hope the Government holds interest rates up."

[Here the gavel fell.]

Mr. CARPENTER of Nebraska. Mr. Chairman, I ask unanimous consent that the gentleman from Texas may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. PATMAN. Therefore, the people who want high interest rates are against title II, and whenever the chairman of this committee or anyone else—I do not believe the chairman of the committee will say it—gets up here and states that you should strike out title II because the General Motors Acceptance Corporation representative had something to do with writing it—which he did not—that is no excuse. Did you know that these acceptance corporations are receiving from the people, 15, 18, 22, and even 30 percent interest; and if title II is put back in the bill, any sales that are made, where the paper goes through this corporation, the interest rate will be reduced, I venture to say, below 5 percent? So if the General Motors representative did have something to do with writing it, and he is willing to reduce the interest rate that his company is receiving from 22 percent down to 5 percent or below, I say let him do it, and that is what will happen if this legislation is passed with all the paper handled through this mortgage association.

Now, there is some objection to these mortgage associations because they can expand loans on their capital stock 15 times. Is this very bad? It is slow paper. It is all frozen paper, in effect. Certainly, it is safer for them to extend their loans 15 times on their capital stock than it is for banks to extend them 10 times or the Federal Reserve banks 22½ times or 50 times, which they are doing. It is perfectly safe for the savings banks in my State—and they do it in other States—and under the Federal law if they are member banks of the Federal Reserve or national banks, they can do it. They can extend their loans 33½ times for every dollar. For every dollar in a savings account they can lend 33½ dollars on it. So where is there any big bugaboo about these concerns being able to extend their loans 15 to 1? The argument is not a good one.

If you vote for this amendment, you vote to cut out the title II that the committee put in the bill. Although I have the utmost confidence in the gentleman who wrote this amendment to title II in the committee's bill, I do not agree with them. They are trying to make these loans through the existing building-and-loan associations. Let us make loans through them. They are getting loans from the R.F.C. now in order that they may be helped, but let us not give them a monopoly on the home owners' paper of this Nation. There is plenty of room and plenty of business for these Federal associations that will be set up in New York and Chicago and Houston, Tex., and the other principal cities through the country, which will result in competition which the building-and-loan associations and the savings banks and the other banks do not want; and with this competition there will be a reduction of interest rates, which Mr. Harriman does not want and which these others do not want.

So if you want the administration's bill that was written by the men who have given serious thought and study to this legislation for weeks and months, trying to carry out the will of the people who will administer this law, in order to carry out what the President told you in his message a few days ago he wanted to do for this great country of ours, you will vote for this amendment and cut out title II put there by the committee, and reinsert title II that was sent here by the administration for us to pass.

Mr. LUCE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LUCE. My parliamentary inquiry is in two parts. Has section 202 of the bill been read?

The CHAIRMAN. It has been read.

Mr. LUCE. Has section 201 of the bill been read?

The CHAIRMAN. It has.

Mr. LUCE. Then this raises a case of novel impression. The Chairman, I am very sure, made a recent ruling that we were still considering section 201. I now renew the point of order, because the Chair's previous ruling was made under a wrong impression. My point of order is that section 201 had been read, and we had proceeded to section 202, and that no motion to strike out section 201 may now be considered.

The CHAIRMAN. This raises the same question that was raised before. The Chair was under the impression that section 202 had not been read. Owing to the fact that it has been read, if the gentleman insists on his point of order, the Chair will sustain it.

Mr. PATMAN. Do I understand that the Chair sustains the point of order?

The CHAIRMAN. Yes, section 202 had been read, and the Chair was not advised that it had been read.

Mr. PATMAN. Will the Chair hear me on the point of order?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. PATMAN. The Chair will recollect that I offered to strike out title II a while ago, and the Chair asked me to withhold it. I offered it when section 201 was read. I am now asking to strike out section 202, which is a part of title II.

The CHAIRMAN. The amendment must be offered to the first section.

Mr. PATMAN. Mr. Chairman, I appeal from the ruling of the Chair.

Mr. BEEDY. Mr. Chairman, in order to keep the record straight, the gentleman from Texas will recall that he did not offer his amendment until the gentleman from New York [Mr. Sisson] had offered his amendment to strike out the title. That was subsequent to the reading of section 202.

Mr. PATMAN. Mr. Chairman, I withdraw the demand for an appeal.

Mr. O'CONNOR. Mr. Chairman, I move to strike out the last word. My purpose in discussing this matter is to clear up, if I may, the parliamentary situation. It was the plan of some Members, especially the gentlemen from New York [Mr. Sisson and Mr. Prall] of the Banking and Currency Committee, to offer an amendment restoring title II of the original bill as desired by the administration. Title II of the original bill pertains to national mortgage associations. In the new bill, or the committee amendment now being considered by the House, the committee has inserted a new title II providing for loans to building-and-loan associations. It was not the intention, as I understand, of these Members who desire to carry out the wishes of the administration, to remove bodily the new title II pertaining to building-and-loan associations from the bill, but to leave that title in there, at least for the time being, and let the other body or the conference decide whether or not it should remain in the bill.

The gentleman from New York [Mr. Sisson] has offered an amendment restoring the original title II to the bill with one exception; that is, eliminating the tax-exemption feature as to income of those associations. That has been stricken from that amendment. Otherwise the amendment is the same as the original title II, which was in the bill which the administration desires, and still desires to be passed.

Mr. PRALL. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. PRALL. This is also a new section, is it not?

Mr. O'CONNOR. It becomes title III of the committee amendment.

Mr. Sisson. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. Sisson. As I understand it now, the amendment which I originally offered at the end of title II of the bill, under a new title, title III, national mortgage associations, is now before the committee. The Clerk started to read,

and I asked that the reading be dispensed with, inasmuch as in the original bill, that is the bill before the committee struck out the original title II, that title had been before the House.

The CHAIRMAN. If there are no further amendments to title II, that would be so.

Mr. BRUNNER. Mr. Chairman, I have an amendment.

Mr. STOKES. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The Clerk will report the amendment.

Mr. Sisson. Mr. Chairman, is not the amendment which I offered now before the House; that is, title III, at the end of title II?

The CHAIRMAN. That is pending, but this is a perfecting amendment to the present title II. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. STOKES: Page 54, line 23, strike out the period and insert in lieu thereof a comma and the following: "and by inserting after the word 'bond' in the next to the last line of such subsection 'not to exceed \$2,000,000,000 in amount.'"

Mr. STOKES. Mr. Chairman, this amendment simply means that the two billion worth of home-loan bonds which have been issued are issued as tax exempt, but that the new \$1,500,000,000 of bonds now proposed to be issued shall not be tax exempt. The Home Owners' Loan Act of 1933 would read as follows:

The bonds not to exceed \$2,000,000,000 in amount issued by the Corporation under this subsection shall be exempt.

But the \$1,500,000,000 of new bonds will not be exempt, so I appeal to those people here who are seeking to do away with tax-exempt bonds to adopt the amendment.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. STOKES. Yes.

Mr. BROWN of Kentucky. I did not understand the gentleman's amendment to mean that these other billion and a half dollars' worth of bonds would be tax exempt. Will the gentleman read his amendment?

Mr. STOKES. This is the section as amended:

SEC. 202. The Home Owners' Loan Act of 1933, as amended, is hereby further amended by striking out from section 4, subsection (d) thereof, "\$2,000,000,000" and inserting in lieu thereof "\$3,500,000,000", and inserting, after the word "bonds" in next to the last line of such subsection, "not to exceed \$2,000,000,000 in amount."

That means that \$2,000,000,000 in amount only shall be tax exempt and that these new bonds, \$1,500,000,000, are not tax exempt. We are giving them a chance to issue \$2,000,000,000 of bonds as tax exempt, and this new issue of \$1,500,000,000 is not to be tax exempt. I happen to be in the bond business in Philadelphia in a small way and I can guarantee you that it will not make any difference to the home owners, except to help them. If these bonds are issued tax exempt, somebody has to pay the tax. Industry, business, and real estate will have to pay that tax. Taxes on real estate today are far too heavy in all the States, and that is one reason for it, because we are issuing these tax-exempt bonds. I appeal to you as fair- and square-minded Members of this House to sustain this amendment.

Mr. STEAGALL. Mr. Chairman, I do not desire to occupy the time of the House further than to say that this subject has been covered by the arguments heretofore made by different Members, including myself.

I move that all debate on this amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. STOKES].

The amendment was rejected.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Strike out all of section 202, page 54, and insert title II of the original act, commencing on page 11, line 13, and ending on line 11, page 19.

Mr. LUCE. Mr. Chairman, I make the point of order that the amendment as offered has no relation to anything contained within the four corners of section 202.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. PATMAN. Mr. Chairman, section 202 relates to an appropriation that will go, through building-and-loan associations, to assist home owners. The section I have offered, title II, will do the same thing, practically, in a different way. It sets up a housing association. Section 202 relates to the Home Owners' Loan Act of 1933. The amendment I offered also relates to that act.

The CHAIRMAN. Does the gentleman from Massachusetts contend that section 202 may not be stricken and a new title inserted?

Mr. LUCE. Oh, there is no question that the gentleman may strike out that section; but to insert something wholly unrelated to the matter stricken seems to me not to be germane.

The CHAIRMAN (Mr. GLOVER). The amendment seeks to strike out the last section of title II of the bill and to insert a new title. The question is, then, Is it germane to the bill?

The Chair overrules the point of order.

PUT TITLE II OF ORIGINAL ACT BACK IN

Mr. PATMAN. Mr. Chairman, this is the same amendment I proposed a moment ago, and it is in order now, and I hope the House will adopt it for this reason: The question is, Are you in favor of the bill which the administration wants, which includes title II, or are you in favor of title II of the bill proposed by the Committee on Banking and Currency?

The Committee on Banking and Currency has disagreed with the administration in this: They believe that title II, which provides for these Federal mortgage associations to be set up, which will have for their purpose the reduction of interest rates all over this Nation, should be absolutely eliminated, and instead of that they have proposed that money be furnished to building-and-loan associations to assist home owners in that way. Of course, building-and-loan associations are given plenty of aid and assistance now through the Reconstruction Finance Corporation. They are doing possibly all that they can. We will admit for the sake of the argument that they are, but the building-and-loan field is large enough so that this new agency will do the people a substantial good. There is a demand for the services which this new agency will render.

Now, if you are in favor of title II, as I proposed, you are in favor of the administration's proposal, and you are opposed to what Mr. Harriman, of the United States Chamber of Commerce, wants—high interest rates. You will stand for low interest rates if you vote for this amendment. It is true you will be opposed to some of the building-and-loan associations which feel that this is competing with them and will cause them to reduce their interest rates unnecessarily. It will also be opposed by the savings banks. They are expanding their savings accounts \$33⅓ to \$1 now, but they will come here through their representatives and tell you it is unsound for the mortgage association to expand 15 to 1. If there is any logic or reason behind that kind of statement, I wish somebody would tell me what it is.

Furthermore, the depositors in the banks, 1 percent of the depositors owning 60 percent of the deposits, are opposed to this, because it will reduce interest rates; but while it is going contrary to the wishes of many building-and-loan companies, many savings banks, many depositors, and many insurance companies, it is lending substantial aid and assistance to the home owners and home builders of America by reducing interest rates, not only in New York and in Texas but in every State in this American Union. Therefore, I ask you members of this committee to vote for the amendment. Put title II back in the bill and let us have this housing program go forward as the administration wants it, and as those who will administer this act want it.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BROWN of Kentucky. Will we not attain the same end if we adopt the amendment offered by the gentleman from New York [Mr. PRALL], who has a committee amend-

ment, and who has contested this all the way through the committee?

Mr. PATMAN. I do not know about that. This is a test between the administration's proposal, title II, and the committee's proposal, title II.

Mr. RAMSPECK. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. RAMSPECK. Where is there any guaranty of lowered interest rates or any limit whatever in this title II?

Mr. PATMAN. It is not guaranteed, but competition will make it so; and it will be supervised by the same organization that has brought the interest rates on homes down to 4½ percent. Certainly they will not permit these mortgage associations to charge more.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. PATMAN. I yield.

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. PATMAN. I ask you to vote for this amendment; and if it loses, I hope you will vote for the amendment that is offered by the gentleman from New York [Mr. Sisson].

Mr. HANCOCK of North Carolina. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Texas.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this amendment close in 15 minutes.

Mr. PRALL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PRALL. Do we understand that this motion is limited to the Patman substitute amendment?

The CHAIRMAN. It is.

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. The amendment offered by the gentleman from New York [Mr. Sisson] contains the subject matter of the amendment offered by the gentleman from Texas. Upon the disposition of the substitute amendment offered by the gentleman from Texas, would the amendment offered by the gentleman from New York be in order?

The CHAIRMAN. It would be; yes.

The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

Mr. HANCOCK of North Carolina. Mr. Chairman, I never enjoy disagreeing with my friend from Texas, whom I consider one of the most useful Members of this House. The amendment, however, which he has offered, to strike out section 202 of title II of this bill is an indirect procedure designed to destroy completely the effectiveness of all the provisions contained in title II. I must confess that I am at a loss to understand his attitude. As I stated on yesterday, the members of our committee worked diligently and faithfully for many days on this legislation. They have done their best to bring to the House a sound and workable measure, and it is the candid judgment of many that there is no part of this measure of more vital importance to the purposes of the bill than title II. The particular section which his amendment would strike out merely authorizes an increase in the bonding powers of the Home Owners' Loan Corporation from \$2,000,000,000 to three and one-half billion dollars. Five hundred million of this amount is to be used by loans or investments as provided by section 5½ (a). This I thoroughly explained in my remarks here on yesterday. A billion dollars of this amount is to be used in carrying out the present program of aiding distressed home owners throughout the entire country. Applications with the Home Owners' Loan Corporation are already double the amount of funds available for refinancing. It is my recollection that the general counsel of the corporation advised our committee that in his judgment they would have loaned out all their funds by October 15 of this year provided they continued at the rate they are now making loans.

I admit that there is sound reason for differences of opinion regarding the merits of old title II, and that under the amendment proposed by the gentleman from New York

[Mr. Sisson], new title II as it stands in the bill before us, together with the old title that was stricken out, would be an additional section. Many, many statements have been made here with respect to the administration's attitude toward various sections of the bill. I do not understand that the administration has expressed any opinion concerning the merits of any particular section as against another section. All of us know that the President wants to attack this great social and economic problem in an effective way, both as emergency and as long-range permanent planning. Who really has the authority to represent the President's view becomes more and more of a mystery here on the floor, and I cannot believe that all of those who have professed to speak for him have been officially deputized. The administration certainly wants a sound and workable bill that will carry out the major objectives as set out in the title. It is our duty, as I see it, to cooperate with them in getting the best legislation possible to do the job. This is what we have tried our best to do with the lights and information before us. Sitting beside me is the Chairman of the Committee on Banking and Currency, a man who is in pretty close contact with the administration. There are several other ranking members of our important committee who would probably be posted as to the wishes of the administration regarding certain provisions of the bill. I could understand how their views might be regarded as representing the administration's views, but I cannot conceive how all those who have spoken here today could claim the same authority.

Mr. MARTIN of Colorado. Right here in my hand is a copy of the President's message saying what he wants.

Mr. HANCOCK of North Carolina. Mr. Chairman, I am sorry, but I cannot yield.

If section 202 of title II is stricken from the bill, it will, in my judgment, bring about the liquidation and extinction of every private home-financing institution in America. It is doubtful, with the relief assured to these institutions by this section, whether they would be able to cope and compete with the big national organizations provided for in old title II, which would take the place of section 202 under Mr. PATMAN's amendment. I honestly believe that if you destroy the so-called "new title II" and thereafter incorporate old title II, you will be sending to the financial gallows those institutions which have cared for millions of our home owners throughout this depression and which have for many, many years encouraged small savings by all classes of our people.

Mr. Chairman, I had not intended to raise any further objection to old title II, though I have not felt that I could conscientiously support an amendment restoring the same to this bill. I feel it my duty, however, to call to the attention of the House some of the features of that section. In brief, it would enable the large mortgage companies to reset themselves up under national charters; a minimum capital of \$5,000,000 would be provided, and they would have to meet the requirements laid down by the Federal Home Loan Bank Board before they could operate. They are given all the rights usually given Federal corporations, together with special rights and privileges in the way of taxation. The amount of interest that they might charge is not fixed. They could establish branch offices in every town and hamlet in the country.

Though it is quite probable that these companies would operate on a better and entirely different basis from the old companies, we cannot forget the grief and the loss that have come to American home owners and investors as a result of the mortgage lending and racketeering in this country. These companies under the original bill would be made direct lending agencies of any instrumentality of the Federal Government. They would be depositories for Government funds. They could lend, buy, or discount mortgages anywhere in the United States. If this title is to be restored, it should be materially amended in several important respects. It is my judgment that if the House permits these kinds of organizations to exist, the Federal Government will soon become an insurer of a large portion of the

urban mortgages in the United States. What the loss would be is a matter of conjecture, but it is certain that the Government would soon be involved with an ultimate liability running into the billions.

I therefore appeal to the House to vote down this amendment. If it is your judgment to restore the old title II for the sake of fair play and as a matter of justice, leave the new title II in the bill as it is written.

Mr. ELLENBOGEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall take only a few minutes to say that the amendment of the gentleman from Texas, now before the House, is not a test of title II as originally proposed.

One of the most useful sections inserted in this bill by the committee is section 202. This section increases the bonding power of the Home Owners' Loan Corporation from \$2,000,000,000 to \$3,500,000,000. Now, I am certain that anyone who understands the situation will not strike out section 202 because, as of June 5, the Home Owners' Loan Corporation had actually received applications totaling \$4,555,000,000, but had authority to issue bonds to the extent of only \$2,200,000,000.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. ELLENBOGEN. I yield to my friend.

Mr. CONNERY. Just to clarify this situation, I have had Members ask me—and I know the gentleman has had Members ask him—the effect of actually striking out section 202. The effect would be to take away from the Home Owners' Loan Corporation a provision which would enable them to take care of many more homes than they are doing now.

Mr. ELLENBOGEN. Exactly.

Mr. ZIONCHECK. That is not right.

Mr. ELLENBOGEN. Just a moment until I answer the gentleman from Massachusetts. If you strike out section 202, you will cripple the Home Owners' Loan Corporation and condemn thousands and thousands of home owners to the loss of their homes by sheriffs' sales. They would be thrown out of their homes and onto the streets.

Mr. CONNERY. That is what I mean.

Mr. ELLENBOGEN. And this would happen regardless of the President's housing program. We must increase the power of the Home Owners' Loan Corporation to issue bonds.

Mr. CONNERY. Mr. Chairman, if the gentleman will yield, any Member who votes against section 202 is voting against extending further relief to distressed home owners in every district of the United States.

Mr. ELLENBOGEN. Exactly. I want the committee to understand this: The question before the House on this motion is not as to original title II. That question will come up on the motion of the gentleman from New York.

The question is whether you want to condemn the home owners to lose their homes or want to give them a fair opportunity to retain them through the Home Owners' Loan Corporation.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. ELLENBOGEN. I gladly yield to the gentleman from Washington.

Mr. ZIONCHECK. The \$1,500,000,000 authorization to the Home Owners' Loan Corporation provides the funds to carry out the provisions of title 2.

Mr. ELLENBOGEN. It does not. The gentleman is mistaken. May I explain to the gentleman that it gives to the Home Owners' Loan Corporation an additional bonding power of one and one-half billion dollars. From that it may, if it so desires, use \$500,000,000 of the one and one-half billion dollars to purchase stock in building-and-loan associations. I say the Home Owners' Loan Corporation may. The power is permissive and only extends to \$500,000,000, whereas section 202 increases the power to issue bonds by a billion and a half dollars. I want the Members to realize that the applications already made total \$4,555,000,000.

Mr. ZIONCHECK. We all know that. The Banking and Currency Committee is not the Appropriations Committee, in the first place.

Mr. ELLENBOGEN. The Banking and Currency Committee has always had charge of home-loan legislation, and therefore it properly inserted this section.

Mr. PATMAN. Does the gentleman realize that there is no objection in either the House or the Senate to giving \$1,500,000,000 more to the Home Owners' Loan Corporation? I do not think this will affect it, because, if the gentleman is correct, it will go to the conferees, and they can put it back. No one will object to reinstating it if the gentleman is correct and the parliamentary situation has forced this proceeding for temporary expediency. No harm, in the long run, can possibly be done to the \$1,500,000,000 authorization.

Mr. ELLENBOGEN. I do not know what the conferees may do. I have a duty to perform here. It would be detrimental to every home owner in the United States to strike out section 202, and the parliamentary situation does not make it necessary to do so.

Mr. HANCOCK of North Carolina. The gentleman understands that the testimony before our committee was to the effect that all funds now in the hands of the Home Owners' Loan Corporation would be exhausted by October 15 of this year if the loans continued at the same rate?

Mr. ELLENBOGEN. Yes; the gentleman is right; and therefore we must leave section 202 in the bill.

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I do not wish to address myself to the main issue at this moment, but rise to call attention to an interesting statement by the gentleman from Texas who, after moving to deprive the Home Owners' Loan Corporation of a billion and a half dollars, went on to inform the House that there is not a man in either the House or Senate who wants it to be done. I sometimes wonder how it is possible to follow views in such contradiction. The gentleman asks us in one breath to strike it out and in the next says everybody wants it to remain.

Mr. PATMAN. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. PATMAN. The gentleman realizes that a parliamentary situation had to be dealt with and that is the only way we could get the amendment considered by the House. If the gentleman is correct in his contention, no one would object to reinstating any necessary language after my amendment is adopted. I certainly do not want the authorization for the large appropriation eliminated.

Mr. LUCE. I doubt if parliamentary consideration ever justified that type of procedure.

Mr. HANCOCK of North Carolina. And especially where the distressed home owners of America are concerned.

Mr. LUCE. Yes; distressed home owners by the thousands who are not yet helped. Yet the gentleman rises here and moves to deprive them of the benefits which he says everybody wants to give them. Mr. Chairman, I do not believe there is any need to comment further upon the intellectual vagaries of the gentleman from Texas.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. BRUNNER. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BRUNNER: On page 54, line 23, after the figures "\$3,500,000,000", strike out the period and insert "\$6,000,000,000 and that \$1,000,000,000 of this amount shall be loaned for new construction of homes."

Mr. BRUNNER. Mr. Chairman, I do not propose to delay final consideration of this measure because I know the tenure of the members of the Committee.

However, I represent a district of home owners second to none in the United States, and I welcome legislation of any nature which will in any way assist them. This bill as reported to the House will assist the home owner and I am duty bound to vote for it in any form it may finally be reported by the Committee of the Whole House, but I am frank to state that it does not go far enough. I am reliably informed that the sections which have been removed were so

removed to the displeasure of the President and the American Federation of Labor. In my opinion both these sources are better able to decide this question than the members of the Committee.

In the first place this is a bill not only to permit the home owner to make his home a more comfortable place to live, but it is primarily a bill to place back to work that class of men who have suffered most through this depression, namely, the building-trades employees. Who is in a better position to state than the members of the various building trades, all of whom are members of the American Federation of Labor, which is the best legislation for us to enact into law than possibly the President who through the Home Loan Board and various other agencies has been brought face to face with this great problem of unemployment. Both have recommended to this body the same method to lead us out of this dilemma, and I for one am more than willing to accept their judgment and hope that the sections removed by the Committee will be restored by the votes of the members of the Committee of the Whole House.

The bill should also be amended so as to increase the sum to six billion instead of three and a half billion. And one billion of this sum should be set aside for new construction.

I have no quarrel with the savings and loan lobby which operated so successfully with respect to this bill, in fact, it matters little to me whether the Home Owners' Loan Corporation or the savings and loan associations loan the money to the home owner and those who desire to make repairs and build homes. The ultimate result is the same because it puts people back to work and takes them off the relief rolls, but I do insist that if the savings and loan associations, banks, and so forth, are to have this money, the law should specify and insist that they comply with the same rules and regulations under which the Home Owners' Loan Corporation is now operating, especially with respect to interest rates, amortization payments, and terms of the mortgage. May I remind the members of this committee that we are today celebrating the first anniversary of the enactment into law of one of the greatest pieces of legislation ever passed in this or any other Congress. Just 1 year ago today the President signed the Home Owners' Loan Act and in that 1 year this act has done more to alleviate suffering, bring back happiness and encouragement to the American people than any one single act which has been performed during the present or any previous administration, and I can think of no more fitting time nor place to refer briefly to the record made by Vincent Dailey and his staff in administering the Home Owners' Loan Act in my own State.

Week ending June 8, 1934

NEW YORK STATE

	Number	Amount
Loans approved.....	1,721	\$9,396,660
Total to date.....	38,480	210,147,835
Closings completed.....	1,703	9,120,142
Total to date.....	19,887	108,681,076
New York State:		
Applications to date.....		103,238
Preliminary appraisals completed to date.....		82,823
Mortgagees' consents obtained to date.....		60,372
Final appraisals completed.....		51,601
New York City (week ending June 8, 1934):		
Closings completed.....		952
Amount.....		\$6,084,020.28
Taxes paid.....		\$422,114.97

One of the most significant parts of this record, to my mind, is that part which shows that through the administration of this act the city of New York has received several millions in taxes. In my opinion, this was one of the most important factors in balancing the budget in our city, thereby making it possible to obtain P.W.A. loans and restoring the confidence of the bankers to such an extent that the interest rate on loans to our city had been materially reduced. I know I bespeak the sentiments of the entire Democratic delegation from New York when I say we are proud of the

record made by Vincent Dailey and his staff in New York State.

I hope my amendment to increase the amount from three and one-half billions to six billions will prevail.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. SISSON. There is an amendment pending to title 3. May I ask whether the reading of my amendment was dispensed with?

The CHAIRMAN (Mr. BANKHEAD). The amendment was ordered to be printed in the RECORD.

Mr. WOLCOTT. Mr. Chairman, do I understand that the amendment of the gentleman from New York has been considered as read and is to be printed in the RECORD?

The CHAIRMAN. Yes. By unanimous consent it was agreed that the amendment may be printed in the RECORD.

Mr. WOLCOTT. Mr. Chairman, I make the point of order against the consideration of the amendment for the reason that the amendment offered by the gentleman from Texas [Mr. PATMAN] included all of the verbiage of the amendment offered by the gentleman from New York [Mr. SISSON], and therefore the Committee has already passed upon the subject.

The CHAIRMAN. The Chair overrules the point of order.

Mr. SISSON. Mr. Chairman, may I say for the benefit of the Members who are interested in building and loan associations and who believe that our interest in them should be shown to the extent of a loan from the Federal Government of \$500,000,000, that while I frankly am not enthusiastic about that, and while frankly I feel in this bill by insuring their shares and insuring their mortgages, in addition to the other aid that has been given in the past to building and loan associations, that there may be some question as to whether this appropriation from the Treasury of \$500,000,000 is necessary, I did not join in any effort to defeat this provision, and I certainly would not join in any effort to defeat the further appropriation of \$1,000,000,000 to the Home Owners' Loan Corporation. I intended to have this question brought before the House and before this committee in a clean-cut, straightforward way; namely, to restore original title II as it came to us from the administration.

I will challenge any member of this committee—I am sorry to have to say this—to stand up here on his feet and say that this provision in this bill is not a vital part of the administration measure and that it was not requested by the administration. Gentlemen have risen here and have attempted to cast doubt upon it, but they know that the Chairman of the House Banking and Currency Committee called us back the other day and asked us to reconsider it, and I would not feel privileged to say what went on in executive session if it were not for the fact that it is well known to everyone of the Democratic members of this committee that that was by reason of the fact that it was understood the administration desired title II, which is the establishment of national mortgage associations.

I am getting rather tired of this shilly-shallying and wishy-washing on the part of certain Democratic members of my own committee. They come in here and appear to cast doubt upon whether this is a part of the administration measure.

I discussed the reasons yesterday, Mr. Chairman, why title II, the establishment of national mortgage associations, is necessary. We are not asking for any grant or any loan from the Federal Government to these national mortgage associations. These national mortgage associations will simply constitute reservoirs for the drawing of private capital from those districts where the supply of mortgage money exceeds the demand into districts where the demand exceeds the supply. They are absolutely necessary, and I want to impress this upon every Member of the House, my Democratic colleagues particularly, as a mechanism whereby slum

clearance and low cost housing projects may be financed and carried on.

I shall be more magnanimous than some of my colleagues on my own committee have been. I am perfectly willing to see this provision go forward for the benefit of the building and loan associations. I think they are desirable institutions.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SISSON. I am sorry I have not the time.

I am perfectly willing to have that provision in the bill, although I was not enthusiastic about it and it was not a part of the administration's program, but for the sake of what I regard as a greater result, I would not have supported the Patman substitute for my amendment, but I do ask you, because this does not involve the appropriation of a single additional dollar from the Treasury, inasmuch as you have already passed upon the matter of slum clearance and low cost housing projects, to give us the means and the mechanism to put this into effect.

[Here the gavel fell.]

Mr. SISSON. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SISSON. I want to call the attention of the committee to one other thing. There has been no substantial change made in this title III, which is the same as the original title II, as it came to us from the administration, except we have removed the provision providing for exemption from tax on the income. The bonds and debentures of this corporation are subject to the same provisions as the other obligations. There is no exemption asked for in this provision. We have taken that out in deference to the wishes of certain members of the committee, and I think they were entirely right in that respect. [Applause.]

Mr. MARTIN of Colorado. Mr. Chairman, I rise in support of the amendment.

The CHAIRMAN. If no Member seeks recognition in opposition to the amendment, the Chair recognizes the gentleman from Colorado.

Mr. MARTIN of Colorado. Mr. Chairman, the question was asked a moment ago as to who speaks for the administration. I think the gentleman from North Carolina, who is a member of the committee which is opposing the amendment said it is becoming a question in the House as to who speaks for the administration on the floor. I may say that in this case the administration, meaning thereby the President of the United States, speaks for himself, because I have in my hand a copy of the President's message on the housing bill just as it was delivered to the Members here on the floor and read from the Clerk's desk the day it was sent up, and I read from it as follows:

The purpose of the program is twofold: First, to return many of the unemployed to useful and gainful occupations; second, to produce tangible, useful wealth in a form for which there is great social and economic need.

Now, listen to this:

The program consists of four major, interrelated divisions:

3. Mortgage associations.

Unquestionably this is just as vital a part of this program as any other part of the bill. No doubt this original bill introduced by the chairman of the committee was prepared with great care over a long period of time and we may assume by competent persons in whom the President has confidence and therefore it is just as essential to carrying out this great program as any other part of the bill.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I have not the time to yield.

I just want to say that this is the last opportunity of this House to do a big thing, and to do it in a big way. I came into the House yesterday with an open mind on this subject of title II, "Mortgage Associations", without any opinion on it one way or the other.

It is my judgment, after listening to the debate up to now, and with this title cut out, that we are not doing a big thing in a big way. We have taken a great national housing bill, something to bring a great national industry out of stagnation, and have whittled it down to benefit the building and loan associations. That is what it amounts to—merely fattening the credit of the building and loan associations.

In my judgment, the measure in the form in which we now have it, will not create a ripple on the stagnated surface of the building-trade industry in this country. What that industry needs for rehabilitation is a great fresh current of finance to start it into circulation.

To show you how open my mind was, after listening to the gentleman from Maryland in his speech against title II I got the impression that perhaps the greatest benefit of this legislation would be the elimination of title II—that that outbalanced all the other benefits.

But as the debate developed, I put two and two together. When it transpired that there are 11,000 building and loan associations in the United States, and out of that 11,000 building associations, 1,000 are in the city of Baltimore—twice as many in the city of Baltimore as they have filling stations.

The gentleman from Maryland seemed to be afraid that we are going to set up a competition to that great local industry, and it occurred to me that if they have loan and building associations on every corner there will be no possibility of any competition, especially as they say they can get the service from these local associations cheaper than the Government can give it to them.

Apparently the head and front of the opposition to this section of the original bill is coming from the State of Maryland, in view of the fact that they have nearly one-tenth of all the building and loan associations within the borders of the country.

(The time of Mr. MARTIN of Colorado having expired, he was given 2 minutes more.)

Mr. MARTIN of Colorado. Now, gentlemen, like many other Members, I think I may have good reasons for keeping silent, because I received telegrams protesting against title II and against the insurance provisions from building and loan associations in my district. But when it developed that the bill requires \$5,000,000 paid in capital in cash or Government bonds to initiate and organize one of these mortgage associations, I felt that the Third District of Colorado was perfectly safe, because I do not know of any town in it that can raise \$5,000,000 for any such purpose. [Laughter.]

Mr. ARNOLD. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. ARNOLD. Is there any danger of subdistrict offices being created under these \$5,000,000 corporations?

Mr. MARTIN of Colorado. There is no provision for it in the bill. I confess to the gentleman that I am not familiar enough with all the provisions of the discarded administration bill to stand a cross-examination on it, but title II does not contain a word authorizing branch associations. I think the smaller districts in the country, like mine, may be entirely free from any apprehension that they are going to get any of these \$5,000,000 mortgage associations, which have to put up \$5,000,000 in cash to be established. The fact of the matter is that these associations will operate only in the large centers, and that is where they are needed.

But the point may be made that even if these mortgage associations are permitted to operate over an unrestricted area, the facts brought out in this debate show that there is plenty of room for them and plenty of need for them. The facts have been brought out that the real-estate mortgages in the United States, not including farm property, amount to \$21,000,000,000, of which about \$7,000,000,000, or about one-third, are handled by building-and-loan associations, leaving a vast field of operations for this new agency; in addition to which these new associations will

occupy an entirely undeveloped field, that of slum clearance and the building of decent, human, habitable homes for the people in all the cities of the country, a field wholly untouched by any existing agency in the country.

I was shocked today to hear a Member certify as an eyewitness that housing conditions in the larger cities of the United States are inferior to those of London, Paris, Berlin, or Moscow. This is a shame to our civilization. It will take these mortgage associations, which may expand their capitalization to \$75,000,000, to handle any such conditions. After all, this is only anticipating a phase of one of the three major social-betterment objectives mentioned by the President in his great message a few days ago, that of decent homes for the people.

Mr. Chairman, the building-and-loan association is a great institution. The fact that it holds one-third of all the real-estate mortgages in the United States, and these mortgages are said to represent two-thirds of all the home owners of the United States, speaks for itself. The amendment offered by the gentleman from New York [Mr. PRALL] to restore title II on mortgage associations to the bill preserves everything of benefit to the building associations in the original bill and everything of benefit which has been put in the bill by the Committee on Banking and Currency in lieu of title II.

If this amendment is adopted and title II restored, they will get all that was in the original bill and all that is in the committee substitute, and I would support no amendment that took one bit of it away from them. They get five hundred millions of additional capitalization under this bill; they can get their capital stock and their loans insured just as bank deposits are now insured. The millions of home owners and investors in these associations are entitled to this protection, and we will have better and sounder associations as the result of it, just as we have better and sounder banks as the result of deposit insurance. It is not a question in my mind whether these new mortgage associations will unjustly compete with the building-and-loan associations so much as it is a question whether all of them combined will restore the great building trades and their allied industries to a status befitting this great Nation.

The CHAIRMAN. The time of the gentleman from Colorado has again expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

The CHAIRMAN. Is there objection?

There is no objection.

Mr. MARTIN of Colorado. Mr. Chairman, my sympathies go out to these gentlemen from the large centers such as New York, Chicago, Philadelphia, and the other populous centers of the country, because the 10-story tenements in New York which house hundreds of families are just as much a residential proposition as a one- or two-story house out in the smaller cities or towns of the country. It seems to me that we have an opportunity here for slum clearance that will give employment to thousands and tens of thousands of men throughout the big cities of the country and do something substantial, and for God's sake let us quit these little credit-fattening propositions. Ever since the R.F.C. was organized we have been credit-fattening something. We credit-fattened the railroads and the insurance companies and the banks, and now we are going to credit-fatten the building-and-loan associations, and, after we adjourn here in a few days and go home, the whole program of credit-fattening, so far as injecting new economic and industrial life into the country is concerned, will not amount to a damn, and it will be too late for us to do anything about it. [Applause.]

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I rise in opposition to the amendment. I did not intend to take any time of the Committee at this point, not that I did not realize the action we are about to take is of grave importance but because, first, I am fatigued, and, secondly, because I doubted whether the Committee is in a mood to listen to discussion opposing the bill.

The question just asked by the gentleman from Illinois [Mr. ARNOLD] prompts me to rise and call to the attention of the House one very important feature involved in the pending amendment. I am frank to say this, and of course it need have no influence on any other Member here, but if the original title II comes back into the bill I cannot vote for it. I have gone just as far as I can permit myself to go in authorizing this Government to set up one institution after another in the field of industry, to compete with private capital. I have come to the crossroads. I am through with that sort of thing. I do not know how much further you are going with your program of socializing industry. I saw in this morning's paper that the Government is going to run the mills and the factories of the Nation. Where are we going to stop, my friends? We must stop somewhere. You ought not to use public moneys to circumvent the established economic order. Do you really intend to upset our entire social order? If you do, keep on as you are now going. Set up these national mortgage associations, give them a Federal franchise, and exempt them from taxation as the administration desires.

The gentleman from Illinois [Mr. ARNOLD] asked if these mortgage corporations are authorized to set up branches and whether they can go into my small towns to compete with small private lending institutions. Yes, they can, I say to the gentleman from Illinois. If he will turn to page 12 of the bill he will see that the original section title II, which is the amendment now pending before the House, provides that these corporations can do business in any State, have one or more offices in any State, and designate one of its offices as a principal office.

I am not interested in any building-and-loan association, and no representative or anybody investing in any such association has ever written or approached me regarding this bill, but I do recognize in such associations the greatest friends that the poor man and the small-home owner has had ever since this depression struck the country. I want to strengthen their arms and enable them to go on with the splendid work that they have been doing. I do not want to assassinate them. If you put title II back into the bill, you may as well understand that you are going to set up these great Federal corporations with their principal offices in the various States, with their branch offices scattered hither and yon, and you are going to help destroy private industry in the form of building-and-loan associations, institutions set up by men with limited capital and coming to the aid of home builders and home owners at a low cost for service rendered.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Make your choice. But I beg of you to understand that the adoption of this amendment is but another step along this road that this administration is urging us to follow, a road that ultimately leads to the destruction of private industry in this country and brings us to the point where everything is going to be controlled by Government. If that is what you want, you can have it. I do not want it.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Yes.

Mr. O'MALLEY. The gentleman inquires as to where we are going to stop. I want to say for myself that I think that we are not going to stop until we put everybody back to work that the gentleman's administration put out of work.

Mr. BEEDY. I will say to the gentleman that any thoughtful person knows that no administration at any time in this country's history, neither the gentleman's party or mine, ever did anything to put men out of work. Every administration seeks to do what it can to aid industry and promote the welfare of the whole people.

Mr. O'MALLEY. The country knows that the gentleman's party never did anything.

Mr. BEEDY. I do not yield further to the gentleman. Will the gentleman now be as courteous to me as I was to him in yielding in the first place?

We asked your party's cooperation when this world depression hit us. Many of you gave it. You asked ours when your President and my President took office in March 1933, and we gave it. I have gone with you step by step as far as I can go. True, I did not agree to going off the gold standard and I did not agree to the debasement of the dollar, but in other directions I have given the President as intelligent and helpful support as has the gentleman himself. I cannot go with you when it comes to taking more Government money, more of the people's money, to create a corporation to compete with private industry and to disrupt the entire economic and social structure. [Applause.]

The CHAIRMAN. The time of the gentleman from Maine [Mr. BEEDY] has expired.

Mr. PRALL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do not wish to take up the time of the committee, but I should like to call attention to the fact that the plan after which this legislation has been fashioned has been worked out by experts since last December. This is not a hurried proposition. It is something that has been well thought out, and we need have no fear of the dire results which the gentleman from Maine [Mr. BEEDY] predicts. We cannot go wrong by reinstating title II. I will say without any fear of contradiction that the administration desires title II replaced in the bill. It is a part of the whole structure embodied in the plan. I am sure you will not permit its destruction.

Mr. PATMAN. Will the gentleman yield?

Mr. PRALL. I yield.

Mr. PATMAN. If this amendment is adopted, and I favor its adoption, it will leave title II of the committee bill in, and it will reinsert title II of the original act, which was left out.

Mr. PRALL. The gentleman is correct.

I yield back the balance of my time, Mr. Chairman.

Mr. Sisson. Mr. Chairman, I move that all debate on this amendment close in 5 minutes.

Mr. LUCE. Mr. Chairman, I move to amend the motion. There are two gentlemen on the committee who desire to speak. I move that the debate close in 15 minutes.

Mr. Sisson. Mr. Chairman, I will withdraw my motion and move that all debate on this amendment close in 15 minutes.

The motion was agreed to.

Mr. REILLY. Mr. Chairman, I rise to support the amendment of the gentleman from New York [Mr. Sisson], to restore to the bill now before the committee, title II of the original bill, as considered by the Banking and Currency Committee for the organization of national mortgage associations.

The important section of the bill now before the committee is section 5 of title I, which provides for the insuring of home mortgages by the National Government up to 80 percent of the value of the mortgaged property on homes to be built after the enactment of this law, and 60 percent of the value of property on homes already built.

The insuring of mortgages is a new departure on the part of the National Government and can be justified only on emergency grounds. The building and mortgage situation is in a most depressing state today, and it is believed that under the terms of the pending bill with title II of the original bill included, that the Government, through the insuring of mortgages and the providing of a corporation or corporations under Government control for the purchasing or dealing in of insured mortgages, will help to revive the building industry by loosening up the mortgage situation, and making available hundreds of millions of dollars for that industry without any cost to the National Government.

I cannot agree with certain members of the Banking and Currency Committee and other critics of title II of the original bill, that the inclusion in the pending bill of said title II will afford an opportunity for the unloading on the National Government of worthless mortgages. Section 5 of title I, that the committee has already approved, provides

the machinery for unloading mortgages, good or bad, on the National Government. If such unloading will be possible, because under the terms of section 5, existing mortgages may be insured up to 60 percent of the appraised value of the mortgaged property, and such insuring will take place no matter whether or not title II of the original bill is made a part of the pending measure.

If the Government is going to insure worthless mortgages, under the terms of this bill, such insurance will have to result from incompetent and dishonest appraisals of property covered by mortgages sought to be insured. Under the terms of the Home Owners' Loan Corporation Act that same opportunity to defraud the Government exists. However, by the terms of the pending bill the Government insures existing mortgages only to the amount of 60 percent of the appraised value of the property, while under the Home Owners' Loan Act the Government may lend up to 80 percent of the appraised value of the property, and consequently the chances for defrauding the Government through dishonest or incompetent property appraisals is much less under the pending bill than under the Home Owners' Loan bill.

Now, if this bill is going to function and money is to be furnished to the building industries, some provision must be made for the organization of a corporation or corporations that will buy the mortgages insured by the Government, under the terms of the pending bill. Mortgages are insured for the purpose of giving them a market. If the pending bill is to function on any scale required to meet the present building situation, there must be organized either a corporation or corporations under State control, or a corporation or corporations under national control, for the purpose of dealing in these insured mortgages.

As the bill now stands the gathering of funds for the purpose of buying insured mortgages would be left to corporations organized by private individuals under State laws. Title II of the original bill, which the pending amendment would restore to the bill now before the committee, provides that such corporations shall be national corporations controlled by the National Government, under the said title II. The National Government will put up no money, take no responsibility, except to lay down the requirements for the organization of these corporations, and to see that when organized the corporations live up to the law.

One of the reasons for putting these corporations under the control of the National Government is to protect as far as possible the investors in the debenture and securities of these mortgage corporations that will be issued and sold to the public, by these corporations, whether organized under State or national laws.

Many members of the committee were of the opinion that corporations for the buying and dealing in of insured mortgages would be organized by private citizens under State charters, and that it was unnecessary for the National Government to become involved in any way with such corporations. It is possible that without title II of the old bill being added to the pending bill, that the private corporations might be organized to buy these insured mortgages, but on the other hand it is also possible that the general public would have more confidence in national corporations, and be more free to buy their debentures and securities, if they understood that the said corporations were to be supervised and controlled by the National Government instead of by the various State governments.

The framers of the original bill, the men who have given serious thought to this legislation, were of the opinion, and still are of the opinion, that this bill will work much better if the National Government is given authority to create and control the corporations that will deal in the insured mortgages, provided for in this bill.

Mr. Chairman, it is my intention at the proper time to offer an amendment to strike out from section 201 of title II of the original bill, which the amendment of the gentleman from New York proposes to make a part of the pending bill, the language that would give to these national mortgage associations the right "to lend upon the securities

of mortgages or such other liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located."

This language would make of these national mortgage corporations, mortgage-lending institutions as well as mortgage-buying institutions. It is this provision of title II of the original bill that drew the fire and opposition of the building-and-loan people, the savings-bank people, in fact all the institutions in the country that are doing a mortgage-lending business.

All the witnesses who had anything to do with the framing of the original housing bill, who appeared before our committee, stated or have stated since, that it was not their intentions to make these national mortgage associations, loaning associations, and thereby put them in competition with all the other loaning agencies of the country. They stated that these mortgage corporations, organized by the National Government were intended to deal in insured mortgages, and that they had no intentions of giving to such corporations the right to enter into the general loaning field.

Mr. O'CONNOR. Will the gentleman yield?

Mr. REILLY. I yield.

Mr. O'CONNOR. I agree with the gentleman that that provision should not be in there and it was not intended to be there, but that these mortgage associations are only supposed to purchase mortgages.

Mr. REILLY. That is correct.

Mr. MAY. Will the gentleman yield?

Mr. REILLY. I yield to my colleague from Kentucky.

Mr. MAY. Does the gentleman mean to say to the Committee that the Government is in no sense responsible for these mortgages as an underwriter or a guarantor of them?

Mr. REILLY. Yes, the Government is responsible for the mortgages that it insures but such responsibility comes to the Government under section 5 of title I of the pending bill and there is no additional responsibility laid on the National Government because of the including in this bill of title II as provided by the amendment of the gentleman from New York [Mr. Sisson].

I might say further that according to the opinion of experts who have studied the mortgage-insurance problem, the Government stands to lose nothing by insuring mortgages as provided for in this bill, for the reason that by the terms of the bill there is an extra interest charge of 1 percent a year on mortgages insured, and this additional premium, it is claimed, will more than make up for any losses that the Government might suffer.

Mr. LUCE. Mr. Chairman, an overwhelming majority of your Committee on Banking and Currency is opposed to the national mortgage associations. Against that is brought a report that the administration favors national mortgage associations. The great controversies of the world throughout all history have arisen from differences in definition, and while this may or may not be a great controversy, the very core of it is here, also the difference of definition.

What do you mean by "administration"? Were you acquainted with the history of this bill, you would realize that in the present instance the word "administration" means two or three admirable young gentlemen called in to advise the President, who are not fortunate enough to bring to the task the experience of years, the acquaintance with affairs, and the knowledge of human nature that is possessed by Members of the Congress of the United States. [Applause.] These young gentlemen having learned last Saturday that the committee had by an overwhelming vote rejected their proposal, resorted to the columns of the press, and two of the great metropolitan papers in New York each contained on Sunday a column and a half representing and reporting the anger of the "administration" against what we had done, namely, the anger of the two or three young gentlemen to whom I refer. They spread throughout the country the idea that the President of the United States was opposing what the committee had done, while the truth of the matter was that properly defined in this instance the word "administration" mean that two or three young zealots,

enthusiastic but without experience, were cross because we had rejected their views.

Now, sir, there served on this committee of 25 not a few Members who have been here through the greater part of the life of one experiment along this same line, an experiment that has taught us bitterly what this new proposal means. The country has had experience now through 20 years with an institution of precisely the same general nature as that which it is proposed here to establish; an institution that has been the most disgraceful, the most scandalous, the most regrettable thing in the whole financial history of this country in the course of our lifetime. I refer to the joint-stock land banks. The story is that when the Federal Farm Loan System was adopted it was found necessary by way of concession in order to get the bill passed, to allow the creation of the joint-stock land banks. The purpose was the same as is in this National Mortgage Association, to gather capital from the wealthier parts of the country and take it to parts of the country that have a lesser supply of funds. The system was expected to receive the supervision of the United States, just as has here been promised within a few minutes. That supervision was of such a character that it permitted some of the most scandalous failures in our financial history.

Read the story of the Kansas City Joint Stock Land Bank. Do you not know that because Congress refused the money necessary for proper supervision, because the agencies of this Congress, the Farm Loan Board, failed to exercise such supervision, that bank and other banks failed and so were lost the thrift savings of thousands and thousands of our citizens? You have no assurance in this bill of any better supervision for this new institution of the same type.

These national mortgage associations are to be privately owned. They will be organized for purposes of private profit. As the mortgages they buy will be insured, there will be no motive of prudence to restrain them. They need give no attention to appraisals, pay no heed to the character or condition of mortgagors. They can put their branch offices in every corner of the land where there is a thrift institution, whether it be a savings bank, a cooperative bank, a building-and-loan association, or any other of the mutual agencies that now thrive because of the knowledge of neighbors. These cooperatives make no great profits. If the new institutions succeed, it can only be by a competition that will drive the mutuals to the wall. Thus you will destroy the most beneficent agencies for the encouragement of thrift mankind has yet devised.

Mr. LUCE. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. The time has been limited by vote of the Committee.

Mr. LUCE. I understand, but I ask unanimous consent that I may be granted 5 additional minutes notwithstanding the limitation.

Mr. BYRNS. I have no objection, but I want 5 minutes on the amendment. I may say to the gentleman from Massachusetts that it was understood that debate was to be limited to 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

Mr. CARPENTER of Nebraska and Mr. McFARLANE objected.

Mr. BYRNS. Mr. Chairman, I have very great respect for members of the Committee on Banking and Currency, both the Democratic and the Republican members.

The gentleman from Massachusetts said that the overwhelming majority—I believe that was the expression he used—of that committee is opposed to this amendment. I have observed that only two members of that committee sitting in the Chamber have taken the floor against this amendment, and those are the gentleman from Massachusetts himself and the gentleman from Maine [Mr. BEEDEY].

Mr. BEEDEY. Mr. Chairman, having mentioned me, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BEEDY. I know the gentleman does not want the RECORD to go uncorrected, so I would remind him that the gentleman from North Carolina spoke in opposition to the amendment.

Mr. BYRNS. The gentleman from North Carolina [Mr. HANCOCK] spoke in opposition to the amendment offered by the gentleman from Texas [Mr. PATMAN]. I am referring to the amendment now under consideration. The gentleman from North Carolina is on the floor and can speak for himself. I am not undertaking to indicate his position one way or the other. I am aware that he spoke vigorously on the Patman amendment, which involved the same question. He does not need the gentleman from Maine to defend his position.

Mr. Chairman, as I was about to say, it has grown to be the habit of many Members upon the minority side, when some reference is made to the administration, to say sneeringly that two or three young men have prepared the bills and have actually dictated the position of the administration upon them. That is not only untrue but it is a rank discourtesy and a reflection upon the great man who sits in the White House, and who has the confidence of the American people to an extent that no President in 100 years has had. [Applause.]

Something has been said here as to the administration's position with reference to title II. I am not in position to tell you what the administration thinks about it. I have no authority to quote the administration, and I am not going to do so. I know that men close to the administration and who are presumed to speak for the administration have said they wanted to see title II put into this bill; and one of them stated it was the very crux of the bill as originally presented to the committee.

I take it that no one upon this floor will deny that the primary purpose of the bill is to relieve the small home owner, the man who is in distress, the man who is in danger of losing his home, the man who is unable to raise money enough to repair and keep it in good condition. Certainly that is the primary purpose of the bill, and if it was not, there is no reason for its introduction and consideration in this House. The bill was not proposed here for building-and-loan associations, as some gentlemen seem to think. It was not proposed in the interest of banks. It was proposed for the relief of small home owners throughout the country and, incidentally, to put life into the great building trades of this country and those who furnish materials for the building and furnishing of homes. [Applause.]

What is this amendment? It is simply another source for the purpose of obtaining more money in order to relieve the home owners of this country, because these mortgage companies are organized to discount their mortgages. That is the purpose of the amendment, and that is the power which is given under this provision, thus releasing money and giving more money to the home owner back in your district and mine. [Applause.]

Mr. Chairman, I hope the amendment will be adopted. [Here the gavel fell.]

Mr. REILLY. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. REILLY: In line 15, after the word "of" in line 18, strike out subtitle (a), the rest of line 18, and lines 19, 20, and 21 to and including the word "located" and change subtitle (b) to (a) in line 18 and subtitle (c) to (b) in line 23.

Mr. REILLY. Mr. Chairman, I offer the amendment to correct the amendment offered by the gentleman from New York.

Mr. McFARLANE. Mr. Chairman, a point of order. The amendment to the amendment is not germane.

The CHAIRMAN. The Chair overrules the point of order.

Mr. Sisson. Mr. Chairman, may I say that the amendment offered by the gentleman from Wisconsin to my amendment is satisfactory.

The CHAIRMAN. The question is on the amendment of the gentleman from Wisconsin to the amendment offered by the gentleman from New York.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from New York as amended.

The question was taken; and on a division (demanded by Mr. LAMNECK) there were—ayes 147, noes 90.

So the amendment was agreed to.

The Clerk read as follows:

FEDERAL SAVINGS & LOAN INSURANCE CORPORATION

SEC. 302. (a) There is hereby created the Federal Savings & Loan Insurance Corporation as a corporation under the laws of the United States to have succession until dissolved by act of Congress, which shall be an instrumentality of the United States, which shall have authority to sue or to be sued in a court of competent jurisdiction, Federal or State, and which shall be under the direction of a board of trustees, as is herein provided, and which shall have full power and authority to do all things provided in this title and full power to do all things necessary or incident to the carrying out of the purposes of this title.

(b) The management of the Insurance Corporation shall be vested in a board of trustees consisting of five members. The members of the Federal Home Loan Bank Board shall constitute the board of trustees of the Insurance Corporation and shall serve as such trustees without additional compensation. One of the members of said board of trustees shall be designated as the chairman.

(c) The Insurance Corporation shall have a capital stock of \$100,000,000, divided into shares of \$100 each. Such stock shall be subscribed for by the corporation and the corporation is hereby authorized to subscribe for and pay for such stock. Said stock may be paid for in bonds of the corporation. Said stock shall pay dividends which shall accrue, if unpaid, at a rate equal to the interest rate on such bonds. The Insurance Corporation shall issue to the Corporation receipts for payments on said stock which shall serve as evidence of the ownership of the same.

(d) The Insurance Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this title, without regard to the provisions of the other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of members of the Board. The Insurance Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government and shall determine its necessary expenditures under this title and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds. Nothing in this title or any other law shall be construed to prevent the Insurance Corporation from employing and compensating as its officer, attorney, or employee any officer, attorney, or employee of the Board or the Corporation, subject to the approval of the Board. The Insurance Corporation, with the consent of the Board or of any board, commission, establishment, or executive department or instrumentality of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this title, and any such information, services, or facilities are hereby authorized to be so made available.

Mr. STEAGALL. Mr. Chairman, I offer an amendment to correct a clerical error, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. STEAGALL: On page 56, line 23, at the end of the line, insert "carrying out the purposes of this title."

The committee amendment was agreed to.

The Clerk read as follows:

APPLICATIONS FOR INSURANCE AND THE PREMIUM

SEC. 305. (a) Eligible members of Federal home-loan banks are authorized as an incident to membership in a Federal home-loan bank to apply to the Insurance Corporation for the insurance of their accounts and all Federal savings and loan associations shall make such application and upon receipt of such application, the Insurance Corporation shall make such examinations and investigations as may, in its discretion, appear to be appropriate: *Provided, however,* That institutions eligible to insure their accounts under this title may apply for such insurance and be accepted whether or not they are members of a Federal home-loan bank. The Insurance Corporation shall decline the application of any applicant if its capital is impaired or if its financial condition, its financial policies, or its management are unsafe. The Insurance Corporation may decline the application of any applicant if, in the judgment of the trustees, the character of its management or its home-financing policy is inconsistent with sound and economical home financing or with the purposes of this title.

(b) (1) The insurance premium, payable upon acceptance of insurance by an applicant and annually thereafter until a reserve

shall have been built up in the Insurance Corporation to a total of 5 percent of all insured accounts plus other creditor obligations of all insured institutions, shall be a sum equivalent to one-half of 1 percent of the total amount in all accounts of the insured members, plus any other creditor obligations of the insured institution, which sum may, under regulations made by the Insurance Corporation, be paid on a semiannual basis and at any time such reserve falls below said 5 percent such annual premium shall at the next premium-payment date again be continued until the reserve is brought back to said amount. The amount in accounts of insured members and the amount of other creditor obligations may be determined from adjusted statements made within 1 year.

(2) In addition to the initial and annual premium provided in this subsection, the Insurance Corporation is authorized to assess each insured institution extra insurance premiums not exceeding in any one year a sum equivalent to one-fourth of 1 percent of the total amount in all accounts of the insured members, plus any other creditor obligations until the proceeds of such extra insurance premiums are equivalent to all losses and expenses theretofore ascertained.

(c) After examination, acceptable applicants shall be notified of their acceptance, and upon the payment of the initial insurance premium and the issuance of a certificate by the Insurance Corporation, shall become insured institutions and may so represent themselves. No institution not an insured institution shall represent itself as such in any respect whatsoever.

(d) The Insurance Corporation shall give full consideration to all factors entering into the financial condition of applicants and of insured institutions and shall have full power to make such adjustments in their financial statements as the facts may justify.

(e) Any member of any Federal home-loan bank shall have full power as an incident to such membership, upon a majority vote of the board of directors or other governing body, to make application for the insurance herein provided and to pay the premiums herein provided and to take such other action as may be necessary to carry out the provisions of this title or regulations made thereunder.

(f) Any applicant for insurance, after the first year of the operation of the Insurance Corporation, shall pay an admission fee which, in the judgment of the trustees, is an appropriate contribution.

Mr. CAVICCHIA. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. CAVICCHIA: On page 61, line 17, strike out "one-half" and insert in lieu thereof "one-fourth."

Mr. CAVICCHIA. Mr. Chairman, the purpose of this amendment is to lighten somewhat the burden that is going to fall upon building and loan associations. You have already given them a deathblow by taking out title II entirely. This will help them to some extent, and I hope the amendment will be adopted.

Mr. BEEDY. Mr. Chairman, to what section is this amendment offered?

Mr. CAVICCHIA. Page 61, line 17.

Mr. BEEDY. Mr. Chairman, may we have the amendment again reported?

The Clerk again read the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey.

The amendment was rejected.

Mr. ELTSE of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELTSE of California: On page 61, line 5, after the word "applicant", strike out "if its capital is impaired or."

Mr. ELTSE of California. Mr. Chairman, we have already sounded the death knell of building and loan associations in the United States by the adoption of title II. We have thrust the knife into the heart of that business this afternoon, if this measure is passed and signed.

We are setting up insurmountable hurdles for the conduct of private business through building-and-loan associations, and when you return here next January, if you do return, you will find what I have said as a prophecy fulfilled.

With respect to the amendment striking out the words "if its capital is impaired or", the purpose of the amendment—

Mr. STEAGALL. Mr. Chairman, if the gentleman will permit an interruption, the language embodied in the amendment we look upon as merely a clarification of the language originally written in the bill, and there is no objec-

tion to the amendment offered by the gentleman from California.

Mr. ELTSE of California. I thank the gentleman. The amendment was agreed to.

AMENDMENT ADOPTED BY MISTAKE

Mr. PATMAN. Mr. Chairman, I move to strike out the last word. I would like to have the attention of the chairman of the committee for just a moment. A while ago, before we adopted the Sisson amendment, there was an amendment offered by the gentleman from Wisconsin [Mr. REILLY], at page 11, line 15, striking out subsection (a).

I am under the impression this is a very material part of this bill, and I would like to know the effect that striking out that subsection will have on title II. As I understood the intent of this legislation, subsection (a) should remain in the bill.

Mr. STEAGALL. If the gentleman will permit, I think I can make quite clear to him just what is contemplated by the Reilly amendment.

Under (a) the association would be authorized to lend upon the security of mortgages and such other liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, and under (b) the association is authorized to engage in purchasing, selling, or otherwise dealing in credit instruments secured by such mortgages and liens.

Under the language of (b) they would have authority to do everything except to lend—

Mr. PATMAN. May I ask the chairman of the committee this question: What does the term "such mortgages" mean in line 20, after you strike out subsection (a)? As the gentleman knows, "such mortgages" refers back to subsection (a), and subsection (a) has been stricken out. In other words, the definition of your mortgages has been stricken.

Mr. REILLY. That is a matter that will have to be changed in conference. It was overlooked in offering the amendment.

Mr. STEAGALL. It may be necessary to add something to make the provisions of (b) fit the language of the bill with (a) eliminated, but the intention is perfectly clear and that will be corrected.

Mr. PATMAN. Was it the intention of the framers of the original bill to permit the national mortgage associations to make direct loans to home owners?

Mr. REILLY. I may say to the gentleman that the bill as written provides for such loans.

Mr. PATMAN. That is, title II.

Mr. REILLY. And all the people who came before the committee speaking for the bill, except one man, said they did not intend to do anything but buy and sell insured mortgages, and the other representative sent a note here today to have the amendment put in as I offered it.

Mr. PATMAN. He certainly would not have it refer here to "such mortgages" without any definition. What does "such mortgages" mean?

Mr. REILLY. As I have said, that will have to be cleared up in conference.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. O'CONNOR. Of course, the language is not perfectly clear by reason of the striking out of certain language by the amendment of the gentleman from Wisconsin. It will need some perfecting with reference to "such mortgages", and I imagine that will be taken care of in conference.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. O'MALLEY. Many of us, including myself, who supported the restoration of the original title II believed that these mortgage associations would not only purchase, sell, and otherwise deal in old mortgages but would be in a position to make loans upon new obligations. With the striking out of these four lines, title II creates nothing but a rediscount corporation, and nobody can get any new money out of it for new construction.

Mr. STEAGALL. That is exactly what was desired, and that amendment was adopted before the title was voted on and adopted by the committee.

Mr. O'MALLEY. Why do you need another rediscount corporation? I was under the impression the last new mortgage corporation would provide money for new construction.

The CHAIRMAN. The time of the gentleman from Texas has expired. The Clerk will read.

The Clerk read as follows:

TERMINATION OF INSURANCE

SEC. 306. (a) Upon a majority vote of all those entitled to vote of the shareholders, stockholders, or other final controlling authority of an insured institution to withdraw from the classification as an insured institution, its relationship as such insured institution shall immediately cease and all rights of shareholders, certificate holders, or depositors under the insurance obligation shall terminate immediately, but the obligation to pay premiums as is provided in this title shall continue for 3 years.

(b) The Insurance Corporation shall have power to terminate the insured status of any insured institution at any time for the continued violation of any provision of this title or any regulation made under this title after 90 days' notice in writing from the Insurance Corporation to such insured institution, and, in the event of such termination of the insured status of an insured institution, it shall not thereafter advertise or represent itself as an insured institution, but insured accounts existing as of the date of such termination shall continue as insured accounts for a full period of 5 years, and such institution shall be obligated to continue the payment of the insurance premium herein provided for such period of 5 years. No insured institution shall (1) issue securities after becoming an insured institution the form of which has not been approved by the Insurance Corporation; or (2) violate such necessary and reasonable regulations made by the trustees for the protection of the Insurance Corporation.

Mr. BROWN of Michigan. Mr. Chairman, I ask unanimous consent to return to the Sisson amendment, section 312, and offer an amendment.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BROWN of Michigan. I offer the following amendment.

The Clerk read as follows:

Page 17 of the amendment, in line 15, after the figures "312", strike out all of lines 15 to 21 and the first four words of line 22.

Mr. BROWN of Michigan. If gentlemen will turn to page 17 of the committee bill and examine section 212, they will get the effect of the amendment. It will strike out all of lines 8 to 14 and the first four words of line 15.

The purpose of the amendment is to remove tax-exemption associations, franchises, capital reserves, and surplus, loans, and income.

Mr. BEEDY. And how will the section start if that amendment is adopted?

Mr. BROWN of Michigan. It will capitalize the word "no" in line 15.

Mr. BEEDY. The effect is to make the corporation subject to the Federal taxes like any other corporation.

Mr. BROWN of Michigan. Exactly, and it protects against any discriminatory State taxes.

The CHAIRMAN. The Clerk will read the words proposed to be stricken out.

The Clerk read as follows:

Such associations, including their franchises, capital, reserves, and surplus, and their loans and income shall be exempt from all taxation now or hereafter imposed by the United States and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except surtaxes, State, inheritance, and gift taxes) now or hereafter imposed by the United States and—

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment for the purpose of asking a question. I would like to ask the gentleman, Does the gentleman know of any other case where the Federal Government has elected to levy a tax and deny the State the right to levy a tax?

Mr. BROWN of Michigan. I will say I know of no instance where a strictly private corporation, such as will be the National Mortgage Association here, is exempt from all forms of Federal taxation.

Mr. PATMAN. This, I presume, would exempt them from all taxation except real estate. They will be taxed on their real estate.

Mr. BROWN of Michigan. Mr. Chairman, does the gentleman understand that I am striking out all of section 212?

Mr. PATMAN. In other words, no State shall impose any taxes?

Mr. BROWN of Michigan. No State shall impose any tax on this corporation in excess of what the State imposes on corporations engaged in similar business.

Mr. PATMAN. That is all right. I notice that real property may also be taxed. I have no objection to the amendment.

Mr. BROWN of Michigan. Yes.

Mr. DONDERO. Does it not place the corporation exactly in the same category as any other private corporation?

Mr. BROWN of Michigan. As any other private financial corporation.

Mr. LUCE. Mr. Chairman, in my necessarily somewhat abbreviated remarks about this title, I did not have time to point out that one reason why the joint-stock land banks were able to mulct the public was that they were exempt from taxation and were enabled to announce themselves as instrumentalities of the Government, according to the language of the Supreme Court. In that way they deceived the public into thinking they were backed by the United States, and many investors bought their securities on the strength of this deception. The privileges in question have been continued in various of our enactments, because without making certain new institutions instrumentalities of the Government they could not have been exempted from taxation. The two things go together. To safeguard those who are thrifty and who are invited to buy the securities of such associations as these it seems to me of great importance that they shall not have official warrant for deceiving the public as to their nature. They are in fact essentially private organizations, created for profit, to make money, and, as in the case of the joint-stock land banks, these new associations will have the same opportunity to delude investors if the language remains in the bill as it now stands.

The experience with the joint-stock land banks ought to teach us that hybrid, mongrel banking institutions of this kind are neither safe nor wise. If the thing is to be done at all, it ought to be wholly a governmental affair. There should be in it not a jot of private profit. Better still would it be to leave home financing to the mutual institutions that the people themselves are so successfully developing. In this period of emergency help them with loans where needed, but for the long run let them alone. Remember that their self-help will be the best of all helps.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

The Clerk read as follows:

SEC. 313. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: Page 69, after line 21, add the following new section:

"SEC. 314. There is hereby created a Federal Savings and Loan Advisory Council which shall consist of as many members as there are Federal home-loan bank districts. Each Federal home-loan bank, by its board of directors, shall annually elect a resident of such bank district interested in thrift and the financing of homes as a member of said council, who shall receive, subject to the approval of the board, such compensation and allowances as may be fixed and paid by the Federal home-loan bank of the district from which he is elected. The Federal Savings and Loan Advisory Council shall meet at Washington, D.C., at least four times a year and oftener if requested by the board or by the trustees. Said Council may meet at other times and other places as it may deem necessary and may select its own chairman and vice chairman and the secretary and adopt its own method of procedure. The directors of the Federal home-loan banks shall elect members of the Council annually for a 1-year term and shall fill any vacancies that may occur. The Federal Savings and Loan Advisory Council shall have power:

"1. To confer with the board or the trustees on general business conditions or special conditions affecting the Federal home-loan bank system or its members or the Insurance Corporation.

"2. To make representations concerning matters within the jurisdiction of the board or the trustees.

"3. To request information and make recommendations in reference to the Federal home-loan bank system or its members or the Insurance Corporation.

"4. To recommend the elimination of all unnecessary routine and procedure in the conduct of the home-loan bank system or the Insurance Corporation and make suggestions in the public interest as to the program and policies of these two operations. The recommendations here directed shall be printed as a part of the annual reports to Congress of the Federal Home Loan Bank Board and the Insurance Corporation."

Mr. O'CONNOR. Mr. Chairman, is that a committee amendment?

Mr. HANCOCK of North Carolina. No; it is not.

Mr. PRALL. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. Yes.

Mr. PRALL. Does the gentleman propose to pay these members of this council?

Mr. HANCOCK of North Carolina. They will be paid through their own district banks. There is no expense to the Federal Home Loan Bank Board.

Mr. PRALL. Are they to be selected by the association?

Mr. HANCOCK of North Carolina. By the directors of their own banks in the districts.

Mr. PRALL. I do not just understand the purpose of it.

Mr. HANCOCK of North Carolina. Merely to collaborate with the Federal Home Loan Bank Board, which constitutes the trustees of this insurance corporation. It is modeled after the same plan in effect with respect to the Federal Reserve System.

Mr. O'CONNOR. Does not the gentleman think that a long involved amendment like that, not reported by the committee, and which none of us has ever even heard read, is rather an innovation to bring in at this late hour?

Mr. HANCOCK of North Carolina. I do not think so. It is entirely up to the committee. I think it is a good amendment, and I believe it would be very helpful to the legislation.

Mr. PRALL. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. PRALL. What are the duties of this board?

Mr. HANCOCK of North Carolina. They are clearly defined in the amendment. The council would meet four times a year to collaborate with the Board, to aid in expediting the provisions of the law, and to offer such advice, counsel, and recommendations as will be helpful in its administration. I think it has merit and should be adopted.

Mr. ELTSE of California. Mr. Chairman, I rise in opposition to the amendment. I should like to ask the gentleman more specifically about the expense of this board that it is proposed to set up under this amendment.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. ELTSE of California. I yield.

Mr. HANCOCK of North Carolina. Such expense as may be incurred will be paid by each bank in the district. No expense whatever is assessed against the Federal Home Loan Bank Board. The funds of the different home-loan banks are made up of earnings from their members.

Mr. ELTSE of California. What are the expenses? Are there attorneys' fees and directors' fees?

Mr. HANCOCK of North Carolina. There would be no expense whatever, except a reasonable per diem and traveling expense while attending the meetings with the trustees.

Mr. ELTSE of California. Does the gentleman not think the annual report to Congress would provide the means by which Congress can make an examination?

Mr. HANCOCK of North Carolina. Such recommendations as may be made by this advisory council would be included in the report of the Home Loan Bank Board to Congress.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. ELTSE of California. I yield.

Mr. BROWN of Michigan. Is this the amendment which was presented to the committee for the establishment of an advisory council?

Mr. HANCOCK of North Carolina. This is the same amendment which I proposed to present to the committee, but, at the request of the chairman, did not present it to the committee.

Mr. BROWN of Michigan. It creates an advisory committee in the insurance corporation?

Mr. HANCOCK of North Carolina. That is correct. The gentleman will remember that I reserved the right in committee to offer this amendment or others to the bill.

Mr. ELTSE of California. May I further ask, Was there any discussion of this in the committee at all?

Mr. HANCOCK of North Carolina. I think there was but very little discussion. It was read, however, in full.

Mr. ELTSE of California. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

The amendment was rejected.

The Clerk read as follows:

SEC. 404. Section 6 of the Federal Home Loan Bank Act is amended by striking out "\$1,500" in subsections (c) and (e) and inserting in lieu thereof "\$500."

Mr. O'CONNOR. Mr. Chairman, I move to strike out the last word. At this point I had intended to introduce an amendment reenacting section 405 of the original bill, which is on page 41. Section 405 provides that—

Section 24 of the Federal Reserve Act, as amended, is amended by adding at the end of the third sentence thereof the following: "Provided, however, That in case of loans secured by real estate which are insured under the provisions of the Federal Mutual Mortgage Insurance Act, such restrictions as to the amount of the loan in relation to the actual value of the real estate and as to the 5-year limit on the terms of such loans shall not apply."

There is some difference of opinion about the merits or need of that section. The Federal Reserve bank, as I understand it, does not recognize as a member's proper reserve any mortgage on real estate in excess of 50 percent of the value of the property or any mortgage which runs for a term exceeding 5 years. Of course, under this bill this insurance corporation is going to insure the mortgages up to 60 percent of the value of existing property and up to 80 percent of the value of newly constructed property, and those mortgages may run for more than 5 years. Now, it seems to me that the member banks of the Federal Reserve ought to be permitted to have such collateral legally in their portfolios. I realize, however, the differences of opinion in respect to this subject; but I do hope that, in view of this new set-up which will extend the time of mortgages and will increase the amount at least for which they can be insured, the Banking and Currency Committee will consider the provisions of section 405 carefully and possibly work out some provision such as that section in the other body or in conference.

With the hope that that may be done, at this late hour I do not propose to offer the amendment.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 406. Section 24 of the Federal Reserve Act, as amended, is further amended by adding at the end thereof the following:

"Loans made, however, to finance the construction of residential or farm buildings and having maturities of not to exceed 6 months, even though secured by a mortgage or similar lien on the real estate upon which the residential or farm building is being constructed, shall not be considered as loans secured by real estate within the meaning of this section but shall be classed as ordinary commercial loans: *Provided*, That no national banking association shall invest in, or be liable on, such loans in an aggregate amount in excess of 50 percent of its actually paid in and unimpaired capital. If accompanied by a valid and binding agreement of an acceptable person, association, partnership, or corporation to advance the full amount of the loan upon the completion of the building, notes representing such loans shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of the Federal Reserve Act, as amended."

ISSUANCE OF MONEY

Mr. PATMAN. Mr. Chairman, I move to strike out the last word. I will not take up much of the time of the Committee, but I want to invite attention to something that I have often discussed on the floor, about the issuance of money.

Under the provisions of section 406, if a farmer, John Doe, desires to borrow \$1,000 to repair his home, he can go to the member bank of the Federal Reserve and give his note for \$1,000. This member bank of the Federal Reserve will send the note to the Federal Reserve bank and get \$1,000 in new money for that note. The money will be delivered to the local bank. The local bank will pay the rediscount interest rate of $1\frac{1}{2}$, 2, or $2\frac{1}{2}$ percent.

The Federal Reserve bank will get the money from the Bureau of Engraving and Printing here in Washington. The Government does not get a penny for the use of its credit. A Federal Reserve note—currency—is not guaranteed by the Federal Reserve bank. It is guaranteed by the Government of the United States. It is an obligation, a mortgage upon the property and the incomes of all the people of this Nation. It is guaranteed by the Government. Section 16 of the Federal Reserve Act states that when these notes are issued, or when the credit of the Government is extended, that the Government shall collect the rate of interest that may be assessed by the Federal Reserve Board. The Federal Reserve Board many years ago set the zero rate of interest. All these years, therefore, the credit of this Nation has been used absolutely free, without any charge whatsoever, the banks merely paying the cost of the printing of the money, which is 27 cents a thousand dollars, on the average. The Federal Reserve Board at that time had an excuse for saying that the interest rate should not be charged because the excess profits of the Federal Reserve banks at that time went into the Treasury of the United States; but one perfecting amendment after another of the Federal Reserve Act has corrected that to the satisfaction of the Federal Reserve banks, and now the Government of the United States does not get one penny of profit, excess profit or otherwise, from the operations of the Federal Reserve banks. They are private institutions. An individual does not own one penny of stock in them; neither does the Government of the United States. They are absolutely exempt from taxation of all kinds except upon the small amount of real estate that they own. They operate almost exclusively upon the credit of this Nation and do not pay one penny for its use.

I hope our splendid Committee on Banking and Currency, in line with the good and progressive legislation it has brought in in the past, will consider legislation along the line of making private corporations which have had the Government credit of this Nation farmed out to them, pay a reasonable price for its use, if the privilege is not taken away from them entirely. [Applause.]

By unanimous consent the pro forma amendment was withdrawn.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all Members who have spoken on the bill today may have 5 legislative days within which to extend their remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read as follows:

SEC. 407. Section 407 of the Home Owners' Loan Act of 1933 is amended by striking out the word "renewable" from section 2, subsection (c), thereof and from section 4, subsection (d), thereof.

Mr. SABATH. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. SABATH: Page 76, after the period on line 24, insert the following paragraph:

"(c) That section 2 is further amended to read as follows:

"(c) The term 'home mortgage' means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years upon which there is located one or two dwellings for occupancy of not more than eight families,

one of which is occupied by the owner as a home, or held by him as his homestead, and having a value not exceeding \$40,000; Provided, That any building a portion only of which is occupied by the owner as his home shall be included in this definition."

Mr. SABATH. Mr. Chairman, there is a restriction in the present law which makes it impossible for the owner of an old building housing five or six tenants, the building still in fairly good condition and used by the owner also as his own home, to obtain a loan. Or, it might be the case of a man who moved his old home to the rear of his lot and built on the front of a lot a new building or an addition to the old homestead.

The purpose of my amendment is to authorize the making of these loans to people who have improved their old homes and their premises. I feel that it is legislation in the right direction. We are today trying to legislate for people who up to this time have been discriminated against and neglected, these home owners and owners of properties occupied in part by small stores as well as being used as a home. They have not been able to obtain these loans.

Earlier in the day we accepted an amendment making possible the guaranteeing of such loans; but it is necessary that we also authorize the making of these loans if we are desirous of bringing relief to these people who, as a rule, are old settlers and builders who have worked their entire lives to build such homes and were industrious enough to improve them.

I have been requested by many Members to eliminate the restriction as to the amount.

Personally, I would be only too pleased if I could aid many hundreds, yes, thousands, of those who were carried away with assurances of continued prosperity when they invested their all in up-to-date apartment buildings and financed their purchase through the aid of their relatives, friends, and their local banks, and who did not utilize the loan services of the high-powered financiers as was the practice in investments in big apartment buildings in the large centers. This is a class of people that I feel with all my heart should be aided and relieved, but, unfortunately, I fear at this late hour it cannot be accomplished, and I do not wish to jeopardize other relief afforded by this bill for which I have contended and pleaded for months and months. I believe that these buildings, or tenements, houses of a type that are occupied by six or seven or eight tenants, are good investments and were not financed by these high financiers. I refer particularly to buildings that have been built by people of the middle class, by men who had confidence in the future of their communities, men who beyond any doubt were the men who have acquired a few thousand dollars that they have invested and who by honest toil and frugality and careful living accumulated sums of money that made possible the erection of such buildings which, in many States, were looked upon with pride in their communities and made possible more up-to-date living quarters. They, therefore, deserve and are entitled to our consideration.

Now, Mr. Chairman, I want to say one word to the Members from the rural sections of our country. Will you please bear with me for one moment? I have a tabulated statement here showing the amount of loans that have been made to farmers. Up to the present time we have loaned on the farms of our country the staggering sum of \$2,332,924,000. Notwithstanding all the efforts we have put forth to try to help the home owners of the towns and cities, we have up to now loaned to them only \$392,000,000, or about 12 percent of the amount we have loaned to farmers. I voted for all the bills providing for loans to farmers, and I hope you Members from the rural sections will not stand back and refuse to grant this little relief for these honest, thriving, industrious, and prudent people who, I know, will repay the Government as readily as do the farmers of the country. I therefore plead with you and ask you to adopt this amendment. I feel that if I had the time and opportunity to take it up with the committee that the committee would have agreed to the amendment.

Mr. Chairman, in conclusion, let me state that we have loaned money to bankers, insurance companies, railroads,

and to the farmers, and we are making an effort to loan to the home owners, and no one is happier than I that finally some relief is coming to the small-home owner. But that does not signify that we should not also take care of the middle class who, unfortunately, seems at all times to be discriminated against. As I stated, we have thousands upon thousands of our best citizens who have patiently waited in the hope that some day, in view of the relief we are giving to others, something would be done for them. This is our opportunity. Now, why should we not extend to them the relief and aid which is so magnanimously being given and provided for in this bill to others? I have talked to many Members from every section of our country and nearly all have expressed the hope that I would offer this amendment, and that they would be given an opportunity to vote for it, as they realize to the same extent that I do the duty we owe to that class of property owners in the United States. Please remember, this is not to aid the big apartment-house owners. This is simply to aid those who have invested their life's savings in four-, six-, and eight-flat buildings in which they themselves have their homes.

Mr. Chairman, for fear that some Members may be swayed by the attacks of the gentleman from Texas [Mr. TERRELL] against New York, let me call the attention of the gentleman from Texas, and all the Members, to the fact that the great States of New York, Pennsylvania, Illinois, Indiana, and Michigan combined have received less in farm loans than the State of Texas. I also wish to state that the great States of New York, Illinois, and Indiana combined have received less in home owners' loans than the State of Ohio. If I had time to read a comparative statement I have compiled of farm loans and home owners' loans to the various States, I know the Membership would be amazed as to the small amounts which so far have gone to States whose urban populations are greater than their rural populations, clearly demonstrating that I am not asking anything unreasonable but only appealing for fair treatment.

Mr. THOMASON. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. Is the gentleman a member of the committee?

Mr. ELTSE of California. No.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this amendment close in 5 minutes.

The motion was agreed to.

Mr. ELTSE of California. Mr. Chairman, I simply call attention to the fact that if this amendment is adopted you are breaking away from the purposes of the act. You are going to finance semibusiness properties. It does not follow the spirit or the purpose of home financing. The rear-end homes to which the gentleman from Illinois has referred may be aided, but we are asked by this amendment to depart from the larger proposition of financing homes.

Mr. THOMASON. Mr. Chairman, I rise in support of the amendment.

Mr. MILLARD. Mr. Chairman, a point of order. The gentleman did not yield back his time; therefore there is no time left.

The CHAIRMAN. The point of order is overruled. The gentleman from Texas is recognized for the remainder of the 5 minutes.

Mr. THOMASON. Mr. Chairman, I hope this amendment will be adopted. I had prepared a similar amendment, but I accept this one. There is no class of property owners in the United States, in my judgment, who are in more distress today than apartment-house owners. I refer to owners of small apartment houses. They cannot borrow from the R.F.C., they cannot borrow from the Home Owners' Loan Corporation. This body refused to take care of them in the small industries bill, and now it seems there are some who refuse to take care of them in this bill.

In my city of El Paso, Tex., and I undertake to say that the same condition exists in all the cities throughout this country, there are dozens, perhaps hundreds of apartment-house owners, including many widows and old people, who

have saved up a little money and put it into a two- or three-story apartment house with maybe six or eight apartments that rent for from \$20 to \$50 a month. That is a common thing in my city, where we have many visitors, tourists, and health seekers. I happen to know case after case of some fine, deserving widow, or poor man and his wife, living in an apartment house with 8 or 10 apartments, that cost perhaps \$25,000 or \$30,000, and on which they paid half, being all their life savings. Their loans are past due and they are being foreclosed. Nobody will renew their loans. If we propose to help people in distress, and these folks have ample security, and cannot get loans from anyone else, this amendment by the gentleman from Illinois should be adopted. These homes are all they have. I happen to know what this situation is because I have investigated it in my own city of El Paso and have personal knowledge of the distress of many fine citizens. I know what it is in Albuquerque. I know what the condition is in Tucson, in Dallas, Fort Worth, Houston, and the same condition exists in practically every little city in the country. I am not talking about the great big, fine, family hotel, or the 8- or 10-story apartment houses. I am talking about the little apartment house which is covered by the amendment offered by the gentleman from Illinois, an apartment house containing perhaps eight apartments and which did not cost over \$30,000. I know that mortgage and loan companies as well as insurance companies have refused to refinance or renew these loans at all, and if they do entertain the proposition, they charge a fee that is out of all question, running the interest up to 12 or 15 percent. I think the amendment should cover at least 12 apartments and a value of \$50,000, but since I know you would not pass that, I beg of you to adopt this amendment.

Mr. Chairman, this class of home owners in the United States is entitled to some relief. You have refused to give them relief in any bill that has come on the floor of this House, and I plead with you, in all fairness and in all justice, to help this class of our deserving citizens to obtain this relief. The security is ample, the loan is safeguarded in every way, and I feel sure from your response that you will vote for this amendment. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 79, noes 81.

Mr. SABATH. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. SABATH and Mr. STEAGALL.

The Committee again divided; and the tellers reported that there were—ayes 105, noes 81.

So the amendment was agreed to.

The CHAIRMAN. The question is on the adoption of the substitute committee amendment as amended for the original bill.

The substitute committee amendment as amended was agreed to.

Mr. STEAGALL. Mr. Chairman, I desire to announce that the gentleman from Maryland [Mr. GOLDSBOROUGH] is absent today because of his desire to be present at the graduation of his son.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GLOVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 9620, pursuant to House Resolution No. 434, he reported the same back to the House with an amendment adopted by the Committee.

The SPEAKER. The question is on the adoption of the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 176, noes 19.

So the bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

The title was amended to read as follows: "A bill to improve housing conditions; to provide employment; to provide for the insurance of mortgages; to insure the savings in savings-and-loan associations and similar institutions; to amend the Federal Home Loan Bank Act, Home Owners' Loan Act of 1933, the Federal Reserve Act, and the Farm Credit Act of 1933; and for other purposes."

EXTENSION OF REMARKS—H.R. 9620

Mr. YOUNG. Mr. Speaker, this housing bill which I support is a measure exceedingly close to the heart of our President. In his message he stressed the necessity of the enactment of a three-point program, including adequate and sanitary housing for our people, old-age security, and unemployment insurance. I gladly follow the President's recommendation.

There could be no better time than the present to give consideration to the needs of people of the congested districts of our cities. To those who say that cities such as New York, Chicago, Philadelphia, and Cleveland will be the only places helped by the passage of this housing measure, let me say that wherever in America there are men and women unemployed, and children inadequately clothed, or hungry, such unemployed and unfortunate will be helped by the enactment of this legislation, and as long as there are tenements infesting our cities and populated by underpaid or unemployed men and women and underprivileged and underfed children, the products of Ohio farms and of western ranches will remain unsold. Penniless families in the slum districts of cities cannot buy the products of farms. Let us hope that Members from the South and the West will join today with us who have among our constituents those who have heretofore been crowded in the slums of cities.

President Roosevelt's message to Congress laying down a constructive social program—old-age pensions, unemployment insurance, and housing designed to make it possible "for American families to live as Americans should"—will by future historians be regarded as the greatest state paper since the emancipation proclamation.

Representing, as I do, all of the people of Ohio, I support with all my energy and enthusiasm the administration housing bill now before us.

The slums of our cities—and unfortunately some of my constituents live in tenements and shacks unfit for human habitation—must be abated altogether. The President, in his great message to us of a few days ago, stated that the work of the Seventy-third Congress is a "splendid justification of the vitality of representative government." American faith in American institutions has, in fact, justification on the record of this Congress in enacting the great humanitarian recovery program of our President. I have supported the recovery program of this administration and, if I am returned here for a second term by my constituency, expect to continue to uphold the leadership of President Roosevelt.

In the city where I make my home we find that in the congested, closely built slum sections mortality from tuberculosis is 400 percent greater than in rural Ohio.

Children of our great cities will, under the beneficent auspices of the Administration Housing Act, in the future have wholesome places to live, grounds in which to play, a place to sit—not on the curbstone with feet on the pavement, but where their feet may touch good mother earth.

President Roosevelt, in his message, demanded elimination of slums and abatement of unsanitary city tenements.

We are voting on this important bill providing for slum clearance and additional funds for the Home Owners' Loan Corporation on the first anniversary of the enactment of the law creating this great humane corporation. This is a fitting sequel to our work which met presidential approval 1 year ago today. It is unfortunate that, as the President said in his great message, there are a few who would still

go back, who would return to the old order and to the old deal. They face the setting sun; their shoes are nailed to the floor. We go forward with new hope to the new order of things.

In urging, Mr. Speaker, the passage of this housing measure, I am voting to bring more of God's sunlight into the lives of men, women, and children, giving employment and purchasing power to more of our people, saving homes for distressed home owners, relieving suffering and distress, and abating unsanitary and unfit habitations and replacing them by model apartments and homes. This is an act of social justice. It is an act that will make for better citizens in years to come. One of the first duties of Congress is to save the homes of our people. Homes have always been the bulwark of society and government.

As Congressman-at-large from Ohio, I have supported every bill that would feed the hungry and help provide employment for the unemployed. I supported the bill to impose the electrical tax on public utilities instead of on the people. I have spoken and worked for the expansion of the C.W.A. and P.W.A. Every man and woman who needs work should have work. Within a week we have created a Federal Deposit Insurance Corporation guaranteeing bank deposits to the amount of \$5,000 for any one depositor. In passing, may I mention that there have been no bank failures whatever since President Roosevelt took a firm grasp on the banking situation. We have made available for the relief of depositors in closed banks of our country more than \$1,000,000,000 to enable the Reconstruction Finance Corporation to purchase assets of closed banks. Congress provided that depositors will be paid off by purchase of these assets at a "liberal appraisal in anticipation of orderly liquidation over a period of years instead of on the basis of forced selling values in a period of business depression." This law will place more money in every county of Ohio, and in every nook and corner of our country. With the passage of this administration housing measure, we go forward to a better day for economic security, prosperity, and happiness for all of our people.

A colleague spoke awhile ago of criticism leveled at Congress. Most of the criticism leveled at Congress comes from some ambitious souls who while promising much, proclaiming patriotism and devotion to the public interest, have an eye out for their own selection to the place held by some hard-working Congressman. Some persons never praise the meritorious acts of a Congressman, but endeavor to stir up feeling in order to make room not for someone more capable but for themselves. The selection of Congressmen at large to represent Ohio is the duty of the people. I am placing my record before the Democratic Party of Ohio, and then before all citizens of my State. Let my record speak for itself.

I have filed my declaration of candidacy for Congress. This office belongs to the sovereign people of Ohio. It is not mine. If my constituents believe that some other agent will serve them better and more faithfully, they should retire me. If they approve my service in upholding President Roosevelt, they will retain me for a second term. They will not exchange experience for inexperience; loyalty for lack of faith. They know that length of congressional service and hard work determine the influence and effectiveness of a Congressman. They know that I responded to the call of duty in a time of grave national emergency. They will, I hope, return me for a second term to help complete the recovery program of our President and bring steady employment and economic security to all.

This bill, Mr. Speaker, will benefit every farmer in Ohio as well as people of our cities. During the special session of the Congress and also during this session, I have supported every measure for farm relief and for the betterment of agriculture. There is much more to be done. The economic condition of farmers of our section of the country is most distressing. It is my hope that the next Congress will provide a greater degree of relief to our farmers. I was born and brought up on a farm. Farmers are entitled to fair profits. Curtailment of production will never solve their

problems. We have no right to ask the farmer to sell his hogs for 3 or 4 cents a pound. No manufacturer of necessities is required to sell his product for less than cost. There can be no real prosperity until our farmers are contented. Let us restore our neighbors, in the country and in the cities, to prosperity. I am for recovery first and politics afterwards. No Congressman can listen to the despairing cries of farmers, bankrupt and facing foreclosure, and of city workers, jobless, without uttering in his heart a solemn prayer that the Almighty help him to better serve his constituents and his country. [Applause.]

AMENDMENT OF THE RAILWAY LABOR ACT

Mr. BANKHEAD, from the Committee on Rules, submitted the following privileged report for printing in the RECORD:

House Resolution 437

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9861, a bill to amend the Railway Labor Act approved May 20, 1926, and to provide for the prompt disposition of disputes between carriers and their employees, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

THE LATE REPRESENTATIVE THOMAS C. COFFIN

Mr. MOTT. Mr. Speaker, I ask recognition to proceed briefly out of respect to our late colleague, THOMAS C. COFFIN.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MOTT. Mr. Speaker, today, in his native State of Idaho, and just at this hour, for there is a 3-hour difference in the time, the body of our friend and colleague, THOMAS C. COFFIN, is being laid to rest. He is home now among those he loved and who loved him. He is among his own people whom he served so faithfully and well during his brief tenure as a Member of this House.

With him also today are four of his friends and colleagues appointed by the Speaker to attend the funeral as official representatives of the Congress of which he was a part. I had the honor of being one of those appointed to go upon this mission. Circumstances which I could not control prevented my making the long, sad journey which has ended today at our colleague's grave; but I wish to take occasion at this time here to pay a brief and humble tribute to my friend.

If someone were to ask me how long I had known TOM COFFIN, my first inclination would be to say that I had known him always, for he was one of those rare men whose friendship is such a real and such a living thing that it becomes a part of the very lives of those on whom it is bestowed, and to those fortunate ones it seems to have no beginning and no end.

The fact is that, as time is measured, my acquaintance with TOM COFFIN was brief, for it began only with the commencement of our service here as new Members of the Seventy-third Congress. But in that time, brief as it was, there grew up between us a friendship and an affection such as I have held for few men in my lifetime. It is a little hard for me to define it, but there are those here who will understand it, for many of my colleagues, I know, felt for TOM COFFIN the same affectionate regard that I did. Of him it may truthfully be said that to know him was to love him, and that those who knew him best loved him best.

The first time I really came to know TOM COFFIN was shortly after the session began. We had had a long discussion on politics, and on that subject, then as afterwards, we usually disagreed. This, however, made no difference, for, like all of his other friends, I had a very profound re-

spect not only for his opinions and his convictions but for the sincere and courageous manner in which he advocated them. At the end of this discussion, I remember, he said, "Your first name is Jim, isn't it?" I said, "Yes." He said, "My name is Tom." And so our friendship, which I shall always remember as one of the finest things in my life, began, and so it continued up until a little while ago, when death came, unexpected, swift, and sudden, and took my friend away.

Mr. Speaker, I pay TOM COFFIN the highest tribute I can pay to any man when I say that he was thoroughly good—good in the highest and best sense. There was no meanness in him. There was nothing of littleness, nothing of selfishness. His greatest ambitions was to be of service to those who needed him, and to do good was a part of his religion.

It is hard for us to understand why a man like this, just on the threshold of a fine career—and those of us who knew him best were convinced that he had begun here a career not only of great usefulness but of great distinction—it is hard for us to understand why, in the very flower of his manhood, when he was needed most of all, he should be stricken down; but none of us may attempt to draw aside the veil nor seek to solve the riddle of eternity.

It may be that it was intended from the beginning that TOM COFFIN's work should end here, and if that is so I think there is some satisfaction in knowing that even before he came to us his public life was such that he could have been called at any time during the past 5 years and still he would have left behind him a splendid and a victorious career.

Mr. Speaker, when my time shall come, when I shall go down to the river of death and its chill waters shall dampen my feet, may I express the hope that friends will be able to say of me as I now say of TOM COFFIN, "He has fought the good fight, he has finished his work, the world is better for his having lived in it."

Mr. GRIFFIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 9410), that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes, disagree to the Senate amendments and ask for a conference.

The SPEAKER. Is there objection?

Mr. HASTINGS. Mr. Speaker, I want to call the attention of the Members of the House in the most earnest way to Senate amendment 209, placed in this bill, H.R. 9410, "providing that permanent appropriations be subject to annual consideration and appropriation by Congress", which is as follows:

Sec. 25. In addition to the regular estimates the President is authorized to submit to the Congress, for the fiscal years 1936 and 1937, in the annual budget for any department, independent establishment, bureau, or office, estimates of appropriations in alternate form whenever in his judgment such action would result in greater economy and efficiency in the control and use of public funds.

This is an amendment which has been presented over and over again. It is now dressed up a little differently. The Indian Bureau sponsored an act approved March 2, 1933, which had the same purpose in view, which is as follows:

That in addition to the estimates of appropriations for the Bureau of Indian Affairs transmitted in the Budget for the fiscal year 1935 in the customary order and arrangement, there shall be submitted for the consideration of Congress an alternate arrangement of such estimates with a view to simplification and clarity of presentation and consideration thereof.

After the hearings were concluded before the subcommittee on the Interior Department appropriation bill for 1935 and the members of the committee were ready to mark up the bill, the Commissioner of Indian Affairs and his budget officer appeared before the subcommittee and were accorded an extended hearing, but I regret that this hearing was not taken down by a stenographer and reported.

However, at this hearing an alternate budget was presented, as provided in the act of March 2, 1933, and the members of the subcommittee will confirm what I say when I state that in discussing the alternate budget plan neither

the Commissioner nor his budget officer contended that there would be any economy in public expenditures or any saving.

Repeated questions were asked of them on this point and neither contended that it was in the interest of economy, but they insisted that it was more scientific, or more flexible, and they dealt in generalities. However, after all that was said and done, what the Indian Bureau was trying to have the subcommittee do was to consolidate appropriations into lump sums.

For instance, in the printed bill containing estimates for the Indian Bureau, covering some 15 or 20 pages, directing in detail how the appropriations should be expended for educational purposes, the alternate budget plan, in a half dozen lines, made a lump-sum appropriation of \$7,990,565, and left all the details covering the expenditure of the money to the Bureau of Indian Affairs.

As one having had a little experience on the Committee on Appropriations, permit me to warn the Members of the House against this alternate budget plan. At that time it was only requested that this plan should apply to the Bureau of Indian Affairs, but let us now follow the meanderings of the sponsors of this plan. When, after the detailed presentation of the matter to the subcommittee, which rejected the plan, these same representatives of the Indian Bureau went before the subcommittee of the Senate committee having the preparation of the Interior Department appropriation bill in charge, and there made an earnest appeal for the alternate budget plan. They were unable to secure the change by the Senate committee, but were able, as shown on pages 46 and 47, amendment 10 of the Interior Department appropriation bill for 1935, to have the estimates submitted in the alternate plan, as follows:

For the fiscal year 1935 all expenditures by the Indian Service shall be segregated by functions of the Service and jurisdictions, such expenditures to be classified thereunder in accordance with approved character and object designation; and the estimates for the Bureau of Indian Affairs for the fiscal year 1936 and thereafter shall be prepared and submitted to the Bureau of the Budget and to Congress accordingly: *Provided*, That for the fiscal year ending June 30, 1936, in addition to the budget provided for by this paragraph, there shall also be prepared and submitted an alternate budget for the Bureau of Indian Affairs which shall follow the order and arrangement of the appropriations for the fiscal year ending June 30, 1935.

When the bill went to conference it was urged that the Bureau of Indian Affairs' representatives stated that the plan would be more scientific, and about the same arguments were used that were presented to the House subcommittee charged with the preparation of the bill. After an extended argument this amendment was rejected by the conferees.

It will be noted that that plan only applied to the estimates for the Bureau of Indian Affairs. The persistent representatives of the Indian Bureau, not content when the plan was rejected by the House subcommittee in charge of the Interior Department appropriation bill and by the Senate committee, secured the introduction of a bill, S. 2874, which has for its purpose the same object. The bill is as follows:

That for the fiscal year ending June 30, 1936, in addition to the budget provided for by law, there shall also be prepared and submitted an alternate budget for the Bureau of Indian Affairs which shall be segregated by functions of the service and jurisdictions, such expenditures to be classified thereunder in accordance with approved character and object designation.

This bill came up in the House for consideration and was placed on the Consent Calendar, but after an explanation it was objected to in the House.

The representatives of the Indian Bureau, not to be thwarted, and with a persistence worthy of a better cause, went before the Senate Committee on Appropriations having in charge this deficiency bill (H.R. 8410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and as a result the amendment above mentioned, number 209, was added.

I want to invite your attention to the broadened scope of this amendment. It does not stop with appropriations for the Indian Bureau, but this alternate Budget plan would

apply to all estimates for each department of the Government. In other words, it would ask Congress to make appropriations in a lump sum and give the various departments, and the heads of divisions, a free rein in the expenditure of the money appropriated from the Public Treasury.

This is the most dangerous plan that has ever been presented to Congress in the 18 years that I have seen service here. It practically seeks to destroy the legislative will of Congress as to all appropriations. This amendment, of course, is a legislative rider. It is not germane to the bill, and the House conferees could not accept it without bringing it back to the House for a separate vote.

The sponsors of the plan, however, are gleeful in the hope that in the excitement and hurry incident to the closing hours of Congress, they may put the plan over. If the plan is adopted the Committee on Appropriations may as well fold up its tent and close its doors and confer upon the various departments and the heads of divisions the authority to use the money appropriated in a lump sum in any way they choose. This is what they want. This is what they are insisting upon, and what they hope to accomplish by this amendment to the pending bill. They will not get it by my vote. All of the members of the Committee on Appropriations know that in lump-sum appropriations all items are not gone into and examined with the same detail as when the appropriations are made in separate items.

Suppose, for the sake of argument, that Congress appropriates \$7,790,565 for Indian education, in a lump sum, to be disbursed by the Bureau of Indian Affairs. This would practically turn over to the Bureau this vast sum to be expended under its direction. There are, as I recall, 46 Indian boarding schools, reservation and nonreservation. From year to year appropriations must be made for improvements and repairs. How is any Member of Congress going to be able to amend this bill if the lump-sum plan is adopted? At present each item appropriated is gone over by the subcommittee and detailed inquiries are made as to how the money is to be expended, and every dollar must be accounted for. Lengthy hearings are held, and these hearings are printed and indexed, and each Member of the House is able to find any item and how the money is expended.

Since I have been a member of the Committee on Appropriations no lump-sum appropriation has been added to or materially changed. In effect, this transfers the power of making appropriations to the heads of departments, because they make estimates in lump sums and these will not be inquired into with the same detail as they are if appropriated for separately.

If Congress adopts the alternate budget plan now, in my opinion, in the course of a few years all the annual appropriation bills will be reduced to a few pages. To illustrate, for the Interior Department there will be a lump-sum appropriation for the Secretary of the Interior and his office force, followed by lump-sum appropriations for the Indian Bureau, the General Land Office, the Reclamation Service, National Parks, and so on as to all activities under the Interior Department. Let me warn the Members of the House that that will be the result. The same will be true of every other department of the Government. Take the independent offices appropriation bill, and you will find lump sums will be asked covering all departments under that bill. The same will be true of the War Department, the Navy Department, and all other departments of the Government.

I am not going to vote for such a plan. I take no stock in the sugar-coated language in this amendment which closes with the following:

Whenever in his judgment such action would result in greater economy and efficiency in the control and use of public funds.

Of course the head of every department will immediately recommend this plan because they do not want Congress to inquire into the details of the expenditure of the people's money. If this plan is adopted why not abolish the House and Senate Committees on Appropriations and permit esti-

mates prepared by the Budget Bureau to be sent up in lump sums and the money allocated to the various departments to be expended under their supervision?

Members of the House do not be deceived. That is exactly what the sponsors of this plan are attempting to accomplish. They know that few Members of the House have had opportunity to make a detailed study of this plan and their hope is that the Members do not understand it and that the plan will be accepted.

This amendment would not have been in order in the House. It is urged on behalf of the Senate committee that the amendment will do no harm. Yes; it will. It allows the "camel's nose to get under the tent." It is the beginning of the adoption of the lump-sum appropriation plan. If, after mature consideration, we believe this plan is not for our best interests, why vote for it? Why not strike it square on the head every time it shows up? That is what I have done and what I am going to do during the remainder of my term of service here.

I am giving the history of how this plan has been sponsored and how it has grown from an application of the Bureau of Indian Affairs until this amendment is made to the pending bill, so that it will extend the plan to every department of the Government.

In the days to come, if this plan is adopted, it cannot be said that I was deceived by it or that I did not have the courage to voice opposition to it.

Mr. BLANTON. Reserving the right to object, I want to say that there are two Senate amendments on this bill that should be eliminated, even if we have to hold this bill up until doomsday. One is the amendment that permits all of the fees collected from affiliated banks to pay the expenses of bank examiners and their salaries to be kept in the Federal Reserve banks to the credit of the Comptroller of the Currency, and which takes from the control of Congress this money, and the fixing of salaries of these bank examiners. The salaries paid are \$20,000 to a New York bank examiner, \$17,500 to another bank examiner, and so on, and it is an infamous outrage to permit these large salaries to continue. We must stop it. The other is the naval hospital amendment, and the gentleman from New York [Mr. GRIFFIN] ought to promise us that he will never agree to these two amendments but will bring them back to the House, if necessary.

What is the gentleman's attitude on that?

Mr. GRIFFIN. I do not think the gentleman ought to try to tie me down in advance.

Mr. BLANTON. The gentleman from New York has done such splendid work on this bill in abolishing these 367 back-door appropriations that have been spent annually for many years with no control of Congress, and putting them back into the control of Congress, that I hope he is not going to let the Senate undo all of that splendid work.

Mr. GRIFFIN. We will do the best we can. We are going into a conference with the Senate tomorrow.

Mr. BLANTON. I hope the gentleman will go over there and make the Senate understand that it would be futile for it to insist on those two propositions because we here will vote down the conference report, if it comes back with them in it.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Chair appointed the following conferees: Mr. GRIFFIN, Mr. McMILLAN, Mr. PARKS, Mr. CARY, Mr. GOSS, and Mr. WIGGLESWORTH.

SILVER

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes, with Senate amendments thereto, and consider the Senate amendments en bloc in the House.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate amendments.

The Clerk read as follows:

Page 3, line 5, after "3" insert: ", and such certificates shall be placed in actual circulation."

Page 7, line 3, after "transfer" insert: "The Commissioner shall abate or refund, in accordance with regulations issued hereunder, such portion of any tax hereunder as he finds to be attributable to profits (1) realized in the course of the transferor's regular business of furnishing silver bullion for industrial, professional, or artistic use and (a) not resulting from a change in the market price of silver bullion, or (b) offset by contemporaneous losses incurred in transactions in interests in silver bullion determined, in accordance with such regulations, to have been specifically related hedging transactions; or (2) offset by contemporaneous losses attributable to changes in the market price of silver bullion and incurred in transactions in silver foreign exchange determined, in accordance with such regulations, to have been hedged specifically by the interest in silver bullion transferred."

Page 8, line 19, strike out ", and before the tax under this subdivision takes effect."

Mr. DOUGHTON. Mr. Speaker, I move to concur in the Senate amendments, and yield 5 minutes to the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. SAMUEL B. HILL. Mr. Speaker, amendment numbered 1 of the Senate amendments is purely clarifying, and makes certain that the certificates issued on the basis of the silver purchased under this act shall be placed in circulation. We think that the language of the act already insures that, but apparently there was some question in the minds of the Senate as to whether it did insure the placing of these certificates in circulation, hence the amendment.

Amendment numbered 2 is not a clarifying amendment. It is an addition to the act as passed by the House, and it exempts from the tax, or rather permits the Commissioner of Internal Revenue to rebate the tax, on certain transactions in silver which are not of a speculative character. It authorizes the rebatement under certain conditions of the tax when the silver is sold at a profit for industrial, professional, or scientific purposes, and not for speculation. That is, where the profit in the transaction is not by reason of the change in the market price of the silver sold, but by reason of the service rendered in furnishing the silver for the purposes named, independent of the change in the market. It also provides for the deduction of losses in this character of transaction where the loss occurs through a hedging process employed for the protection of the transferor of the silver bullion.

Mr. MARTIN of Massachusetts. Is it quite clear that this tax does not apply to the manufacture of silverware?

Mr. SAMUEL B. HILL. The tax does not apply in a case of that kind. This amendment further provides for an offset of losses from profits where the loss occurs in a hedging process to protect the transferor of silver bullion; for instance, in the case of a transfer or sale by a refiner or processor of silver to the manufacturer, if there is any such hedging and such loss. It also provides for the deduction of loss from profits when the loss occurs in a hedging process in transactions in silver foreign exchange. Unless there are other questions on this particular amendment, I will pass to amendment numbered 3.

Amendment numbered 3 on page 8, line 19, strikes out the following language after the figures "1934": "and before the tax under this subdivision takes effect."

The language stricken by this amendment was apparently an inadvertence in limiting that provision of the act to transactions completed before the effective date fixed in the act. By striking out the language in question it makes the provision applicable to wash sales, completed either before or after the effective date of the act.

Mr. Speaker, as a further explanation of this amendment for the RECORD I ask unanimous consent to extend my remarks in the RECORD by inserting a statement which I send to the reporter's desk.

The SPEAKER. Is there objection?

There was no objection.

The statement referred to is as follows:

The tax established under section 8 is designed to tax those profits arising from a change in the market price of silver. Without such a tax holders and dealers in silver would profit unduly

by reason of the Government's entering into the silver market to acquire silver. The principle of the tax is to assess what amounts to an unearned increment.

Persons regularly engaged in the business of furnishing silver for industrial, professional, and artistic purposes may profit by the increase in the market price of silver and such profit should be taxed. These persons, however, make a small additional profit attributable not to changes in the market price of silver but to the service they render, as, for instance, the service of a wholesaler in acquiring silver in large amounts and selling it in smaller lots to factories which use silver for different industrial purposes, the service of selecting silver from particular mines which has slight intermixture of other metals, making it valuable for certain specific purposes and the service of alloying with the silver certain metals necessary for particular industrial purposes. This profit proceeds from the efforts of the person engaged in this business and does not result from governmental action. This profit is subject to the regular income tax but should not be subject to the special transfer tax established under the Silver Purchase Act. The first part of the amendment provides for an abatement or refund of tax attributable to the special-service profits.

A number of persons furnishing silver for industrial, professional, or artistic uses are obliged to take a market position in silver during the period ranging from a few weeks to several months during which the silver is being refined or otherwise processed. Many of these refiners or processors seek to avoid speculating in silver by hedging against the market position they have been obliged to take. For instance, a refiner buys a million ounces of silver in crude silver-bearing materials. He calculates it will take 2 months to refine this. To avoid a market risk on the day he purchases the silver he sells an equivalent amount of silver out of inventory maintained for the purpose, or he enters into a contract for the delivery of silver at the time when he thinks the refining will be completed at a price fixed in the contract. The person who buys the silver for future delivery may be speculating in silver, and his profit should be taxed, but the refiner or processor, who sells silver is hedging. If the refiner or processor in the course of these hedging transactions makes a profit on one transaction he will make a corresponding loss on another transaction. It is this balancing of profit and loss which enables him to avoid speculating in silver. His net position shows no profit nor loss by reason of the changes in the market price of silver bullion. It would seem unfair in such transactions to tax the refiner on those profits which are offset by corresponding losses in related hedging transactions. The last part of the amendment authorizes the abatement or refund of that portion of the tax which is attributable to those profits against which there have been corresponding losses in hedging transactions.

In general the effect of the amendment will be to discourage speculation in silver by persons furnishing silver for industrial, professional, and artistic use by permitting regulatory provisions to make certain that a tax is paid on all speculative profits but not on business profits which arise independently of market changes or because of hedging transactions to prevent profit or loss from such market changes.

On page 8, line 19, strike out the comma and the words "and before the tax under this subdivision takes effect."

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, during the course of the consideration of the so-called "silver bill" in the House, I made some criticisms of the general counsel to the Secretary of the Treasury, and it was based on what I conceive to be a lack of knowledge on the general subject of the silver question. He was the only source of information that the Ways and Means Committee had, and I, for one, thought, as far as silver was concerned, that it was very weak information. We did have, as I stated then, information from a House Member, the gentleman from Texas [Mr. DIES], but so far as the Department itself is concerned, there was nothing of any constructive nature brought to the committee. I have, however, a higher regard for Mr. Oliphant as a lawyer than as an expert on silver, and here is what he says in a letter to Senator PITTMAN in connection with amendment numbered 1:

DEAR SENATOR PITTMAN: Section 5 of the silver bill directs the Secretary of the Treasury to issue silver certificates to an amount not less than the cost of the silver purchased under section 3. The legal effect under existing law of the words "to issue" silver certificates is that they must be not merely printed but also put into circulation.

Very truly yours,

HERMAN OLIPHANT,
General Counsel to the Secretary.

Accordingly this first amendment is absolutely unnecessary. The ruling of the Department is that the bills are actually in circulation. Therefore, why add this language? But if it will appease the feelings of the Senate or any Member of that body to do so, let them have it.

Amendment no. 2 is one that is a protection to industry, as designating between industry and speculation. It does protect the industrial use of silver from the tax provided for in the bill. The first portion of it, therefore, to my mind, is of value. The second part of it I am not so clear about, and I do not think any very definite explanation has been made of it, namely, the possibility of purchasing silver for hedging purposes from foreign countries. I am not going to offer any objection to it, but I am not at all certain that it is worth while.

With all due respect to my colleague from Washington, Mr. SAMUEL B. HILL, I really failed to grasp his explanation of the last amendment. The matter was considered in the Committee on Ways and Means this morning, and the expert drafting representative acknowledged that he did not know what it meant. If he did not know, I do not see how we can be expected to, and we might just as well take this amendment as we took the whole silver bill, swallow it whole, and let it go along just as it is. Therefore I hope that the amendments will be concurred in en bloc, as moved by the chairman of the committee.

Mr. McFADDEN. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. McFADDEN. I notice in the morning press a continuation of the maneuvers looking toward cancellation of the war debts. The suggestion is definitely made by Secretary of State Hull to the British that we accept payment of the June 15 amount due from Great Britain in kind. "In kind", of course, means British goods. It means silver, as is already discussed in London today. I wish to ask the gentleman if it is contemplated by the administration to accept silver in payment of the war debts? I recall when we passed the tariff bill the other day the gentleman from Tennessee [Mr. COOPER] advised me that there was a provision in the tariff bill which would forbid discussion by the President of the purchase of merchandise or the mixing of the tariff question with the war debts, that the President was specifically forbidden to mix his tariff negotiations with war debts. Hardly before the ink is dry on the Tariff Act we find the Secretary of State mixing trade and war debts.

The SPEAKER. The time of the gentleman from Massachusetts [Mr. TREADWAY] has expired.

Mr. McFADDEN. I was asking the gentleman from North Carolina whether or not the administration's policy is to now take silver as merchandise as part of the settlement in kind as suggested by the Secretary of State today in his note to the British Government?

Mr. DOUGHTON. I do not understand that inquiry to be at all pertinent to the matter under consideration now. If we go into speculation as to what might be in the mind of somebody, without knowledge or without any expression from the administration, we would be here until daylight tomorrow morning. The gentleman can form his own conclusions as far as that is concerned.

Mr. Speaker, I think the fact that the Senate made no substantial or material amendment to this bill, none but what we can readily accept, is a compliment to the work of the House in respect to this legislation. I think, furthermore, the fact that the gentleman from Massachusetts [Mr. TREADWAY] has no objection to these amendments is also a compliment.

Therefore, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the Senate amendments.

The Senate amendments were agreed to.

A motion to reconsider the vote by which the Senate amendments were agreed to was laid on the table.

TAXATION OF MANUFACTURERS, IMPORTERS, AND DEALERS IN CERTAIN FIREARMS AND MACHINE GUNS

Mr. DOUGHTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9741) to provide for the taxation of manufacturers, importers, and dealers in certain firearms and machine guns, to tax the sale or other disposal

of such weapons, and to restrict importation and regulate interstate transportation thereof.

The Clerk read as follows:

Be it enacted, etc., That for the purposes of this act—

(a) The term "firearm" means a shotgun or rifle having a barrel of less than 18 inches in length, or any other weapon, except a pistol or revolver, from which a shot is discharged by an explosive if such weapon is capable of being concealed on the person, or a machine gun, and includes a muffler or silencer for any firearm whether or not such firearm is included within the foregoing definition.

(b) The term "machine gun" means any weapon which shoots, or is designed to shoot, automatically or semi-automatically, more than one shot, without manual reloading, by a single function of the trigger.

(c) The term "person" includes a partnership, company, association, or corporation, as well as a natural person.

(d) The term "continental United States" means the States of the United States and the District of Columbia.

(e) The term "importer" means any person who imports or brings firearms into the continental United States for sale.

(f) The term "manufacturer" means any person who is engaged within the continental United States in the manufacture of firearms, or who otherwise produces therein any firearm for sale or disposition.

(g) The term "dealer" means any person not a manufacturer or importer engaged within the continental United States in the business of selling firearms. The term "dealer" shall include wholesalers, pawnbrokers, and dealers in used firearms.

(h) The term "interstate commerce" means transportation from any State or Territory or District, or any insular possession of the United States (including the Philippine Islands), to any other State or to the District of Columbia.

(i) The term "Commissioner" means the Commissioner of Internal Revenue.

(j) The term "Secretary" means the Secretary of the Treasury.

(k) The term "to transfer" or "transferred" shall include to sell, assign, pledge, lease, loan, give away, or otherwise dispose of.

SEC. 2. (a) Within 15 days after the effective date of this act, or upon first engaging in business, and thereafter on or before the 1st day of July of each year, every importer, manufacturer, and dealer in firearms shall register with the collector of internal revenue for each district in which such business is to be carried on his name or style, principal place of business, and places of business in such district, and pay a special tax at the following rates: Importers or manufacturers, \$1,000 a year; dealers, other than pawnbrokers, \$200 a year; pawnbrokers, \$300 a year. Where the tax is payable on the 1st day of July in any year it shall be computed for 1 year; where the tax is payable on any other day it shall be computed proportionately from the 1st day of the month in which the liability to the tax accrued to the 1st day of July following.

(b) It shall be unlawful for any person required to register under the provisions of this section to import, manufacture, or deal in firearms without having registered and paid the tax imposed by this section.

SEC. 3. (a) There shall be levied, collected, and paid upon firearms transferred in the continental United States a tax at the rate of \$200 for each firearm, such tax to be paid by the transferor, and to be represented by appropriate stamps to be provided by the Commissioner, with the approval of the Secretary; and the stamps herein provided shall be affixed to the order for such firearm, hereinafter provided for. The tax imposed by this section shall be in addition to any import duty imposed on such firearm.

(b) All provisions of law (including those relating to special taxes, to the assessment, collection, remission, and refund of internal-revenue taxes, to the engraving, issuance, sale, accountability, cancellation, and distribution of tax-paid stamps provided for in the internal-revenue laws, and to penalties) applicable with respect to the taxes imposed by section 1 of the act of December 17, 1914, as amended (U.S.C., supp. VII, title 26, secs. 1040 and 1383), and all other provisions of the internal-revenue laws shall, insofar as not inconsistent with the provisions of this act, be applicable with respect to the taxes imposed by this act.

SEC. 4. (a) It shall be unlawful for any person to transfer a firearm except in pursuance of a written order from the person seeking to obtain such article, on an application form issued in blank in duplicate for that purpose by the Commissioner. Such order shall identify the applicant by such means of identification as may be prescribed by regulations under this act: *Provided*, That, if the applicant is an individual, such identification shall include fingerprints and a photograph thereof.

(b) The Commissioner, with the approval of the Secretary, shall cause suitable forms to be prepared for the purposes above mentioned, and shall cause the same to be distributed to collectors of internal revenue.

(c) Every person so transferring a firearm shall set forth in each copy of such order the manufacturer's number or other mark identifying such firearm, and shall forward a copy of such order to the Commissioner. The original thereof with stamps affixed, shall be returned to the applicant.

(d) No person shall transfer a firearm which has previously been transferred on or after the effective date of this act, unless such person, in addition to complying with subsection (c), transfers therewith the stamp-affixed order provided for in this section

for each such prior transfer, in compliance with such regulations as may be prescribed under this act for proof of payment of all taxes on such firearms.

(e) If the transfer of a firearm is exempted from the provisions of this act as provided in section 13 hereof, the person transferring such firearm shall notify the Commissioner of the name and address of the applicant, the number or other mark identifying such firearm, and the date of its transfer, and shall file with the Commissioner such documents in proof thereof as the Commissioner may by regulations prescribe.

(f) Importers, manufacturers, and dealers who have registered and paid the tax as provided for in section 2 (a) of this act shall not be required to conform to the provisions of this section with respect to transactions in firearms with dealers or manufacturers if such dealers or manufacturers have registered and have paid such tax, but shall keep such records and make such reports regarding such transactions as may be prescribed by regulations under this act.

SEC. 5. (a) Within 60 days after the effective date of this act every person possessing a firearm shall register, with the collector of the district in which he resides, the number or other mark identifying such firearm, together with his name, address, place where such firearm is usually kept, and place of business or employment, and, if such person is other than a natural person, the name and home address of an executive officer thereof: *Provided*, That no person shall be required to register under this section with respect to any firearm acquired after the effective date of, and in conformity with the provisions of, this act.

(b) Whenever on trial for a violation of section 6 hereof the defendant is shown to have or to have had possession of such firearm at any time after such period of 60 days without having registered as required by this section, such possession shall create a presumption that such firearm came into the possession of the defendant subsequent to the effective date of this act, but this presumption shall not be conclusive.

SEC. 6. It shall be unlawful for any person to receive or possess any firearm which has at any time been transferred in violation of section 3 or 4 of this act.

SEC. 7. (a) Any firearm which has at any time been transferred in violation of the provisions of this act shall be subject to seizure and forfeiture, and (except as provided in subsection (b)) all the provisions of internal-revenue laws relating to searches, seizures, and forfeiture of unstamped articles are extended to and made to apply to the articles taxed under this act, and the persons to whom this act applies.

(b) In the case of the forfeiture of any firearm by reason of a violation of this act: No notice of public sale shall be required; no such firearm shall be sold at public sale; if such firearm is in the possession of any officer of the United States except the Secretary, such officer shall deliver the firearm to the Secretary; and the Secretary may order such firearm destroyed or may sell such firearm to any State, Territory, or possession (including the Philippine Islands), or political subdivisions thereof, or the District of Columbia, or retain it for the use of the Treasury Department or transfer it without charge to any executive department or independent establishment of the Government for use by it.

SEC. 8. (a) Each manufacturer and importer of a firearm shall identify it with a number or other identification mark approved by the Commissioner, such number or mark to be stamped or otherwise placed thereon in a manner approved by the Commissioner.

(b) It shall be unlawful for anyone to obliterate, remove, change, or alter such number or other identification mark. Whenever on trial for a violation of this subsection the defendant is shown to have or to have had possession of any firearm upon which such number or mark shall have been obliterated, removed, changed, or altered, such possession shall be deemed sufficient evidence to authorize conviction, unless the defendant explains such possession to the satisfaction of the jury.

SEC. 9. Importers, manufacturers, and dealers shall keep such books and records and render such returns in relation to the transactions in firearms specified in this act as the Commissioner, with the approval of the Secretary, may by regulations require.

SEC. 10. (a) No firearm shall be imported or brought into the United States or any Territory under its control or jurisdiction (including the Philippine Islands), except that, under regulations prescribed by the Secretary, any firearm may be so imported or brought in when (1) the purpose thereof is shown to be lawful and (2) such firearm is unique or of a type which cannot be obtained within the United States or such Territory.

(b) It shall be unlawful (1) fraudulently or knowingly to import or bring any firearm into the United States or any Territory under its control or jurisdiction (including the Philippine Islands), in violation of the provisions of this act; or (2) knowingly to assist in so doing; or (3) to receive, conceal, buy, sell, or in any manner facilitate the transportation, concealment, or sale of any such firearm after being imported or brought in, knowing the same to have been imported or brought in contrary to law. Whenever on trial for a violation of this section the defendant is shown to have or to have had possession of such firearm, such possession shall be deemed sufficient evidence to authorize conviction unless the defendant explains such possession to the satisfaction of the jury.

SEC. 11. It shall be unlawful for any person who is required to register as provided in section 5 hereof and who shall not have so registered, or any other person who has not in his possession a

stamp-affixed order as provided in section 4 hereof, to ship, carry, or deliver any firearm in interstate commerce.

SEC. 12. The Commissioner, with the approval of the Secretary, shall prescribe such rules and regulations as may be necessary for carrying the provisions of this act into effect.

SEC. 13. This act shall not apply to the transfer of firearms (1) to the United States Government, any State, Territory, or possession of the United States, or to any political subdivision thereof, or to the District of Columbia; (2) to any peace officer or any Federal officer designated by regulations of the Commissioner; (3) to the transfer of any firearm which is unserviceable and which is transferred as a curiosity or ornament.

SEC. 14. Any person who violates or fails to comply with any of the requirements of this act shall, upon conviction, be fined not more than \$2,000 or be imprisoned for not more than 5 years, or both, in the discretion of the court.

SEC. 15. The taxes imposed by paragraph (a) of section 600 of the Revenue Act of 1926 (U.S.C., supp. VII, title 26, sec. 1120) and by section 610 of the Revenue Act of 1932 (47 Stat. 169, 264), shall not apply to any firearm on which the tax provided by section 3 of this act has been paid.

SEC. 16. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 17. This act shall take effect on the thirtieth day after the date of its enactment.

SEC. 18. This act may be cited as the "National Firearms Act."

The SPEAKER. Is a second demanded?

Mr. McFADDEN. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McFADDEN. I am.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

The SPEAKER. The gentleman from North Carolina is recognized for 20 minutes and the gentleman from Pennsylvania [Mr. McFADDEN] is recognized for 20 minutes.

Mr. DOUGHTON. Mr. Speaker, this bill is sponsored by the Department of Justice and has a unanimous report from the Committee on Ways and Means.

For some time this country has been at the mercy of the gangsters, racketeers, and professional criminals. The rapidity with which they can go across State lines has become a real menace to the law-abiding people of this country. When the bill was first proposed by the Department of Justice it affected pistols and revolvers, but that provision was eliminated from the bill, and it now only relates to machine guns and sawed-off shotguns and rifles, or guns with barrels less than 18 inches in length, and to mufflers, and to silencers.

Mr. TREADWAY. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. TREADWAY. Is it not a fact that originally there was considerable opposition felt to this bill owing to the fact that pistols and revolvers were rated in exactly the same way as machine guns or mufflers?

Later on the Ways and Means Committee made the change whereby revolvers and pistols are distinctly exempted from the provisions of the act.

Mr. DOUGHTON. That is true.

Mr. TREADWAY. So that the type of opposition which came up in the first consideration of the bill was entirely removed and the opponents are in favor of the bill at the present time.

Mr. DOUGHTON. Those who opposed the bill as originally submitted to the Committee on Ways and Means by the Department of Justice, have withdrawn their opposition to the bill in its present form.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. SNELL. Mr. Speaker, will the gentleman instead of telling us what is excepted from the bill tell us what is covered by the bill?

Mr. DOUGHTON. Machine guns, sawed-off shotguns, rifles, silencers, and mufflers.

Mr. SNELL. Is the ordinary sporting rifle included in the bill?

Mr. DOUGHTON. It is not included at all.

Mr. SNELL. Just shotguns and machine guns?

Mr. DOUGHTON. Machine guns, sawed-off shotguns, rifles, silencers, and mufflers.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MAPES. Objections have been raised on the part of prominent women and women's organizations in my district to the action of the Committee on Ways and Means in taking from under the provisions of the bill pistols and revolvers. Will the gentleman tell the House why this was done?

Mr. DOUGHTON. Protests came to the committee from some ladies' organizations throughout the country objecting to the elimination of pistols and revolvers. The majority of the committee were of the opinion, however, that the ordinary, law-abiding citizen who feels that a pistol or a revolver is essential in his home for the protection of himself and his family should not be classed with criminals, racketeers, and gangsters; should not be compelled to register his firearms and have his fingerprints taken and be placed in the same class with gangsters, racketeers, and those who are known as criminals.

Mr. CHRISTIANSON. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CHRISTIANSON. Have we the gentleman's assurance that sportsmen's organizations have withdrawn the opposition they formerly expressed to the measure?

Mr. DOUGHTON. They have; and they heartily support the pending bill. The Department of Justice has agreed to an amendment which makes the bill acceptable to sportsmen and sportsmen's organizations. As the bill now stands, so far as I know there is no objection to it.

Mr. TERRELL of Texas. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. TERRELL of Texas. Does this bill in any way affect the rights of States to tax dealers in firearms?

Mr. DOUGHTON. It puts a tax of \$1,000 on the importer and manufacturer of machine guns; a tax of \$200 on the dealer, and a tax of \$300 on the pawnbroker; and it provides that 60 days after the enactment of the law all those having possession of firearms of the character referred to in this bill, must register the same with the Commissioner of Internal Revenue.

Mr. TERRELL of Texas. Does the bill affect the right of States to deal with this subject?

Mr. DOUGHTON. It does not in any way interfere with the rights of the States.

Mr. TREADWAY. I should like to call the chairman's attention to an evident misprint on page 4, line 5. I think he would like to offer an amendment changing the word "acts" to "tax", which is apparently what it should be.

Mr. DOUGHTON. I understand that mistake was corrected in the last print of the bill.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MOTT. Is there anything in the bill which would affect collectors of firearms; is there any provision which would prevent a collector from possessing weapons of a certain type? I have in mind a man in my district who has several hundred guns in his collection.

Mr. DOUGHTON. I think not; I do not think it would affect them at all.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CONNERY. As I understand, the primary purpose of the bill is to stop gangsters from getting hold of machine guns.

Mr. DOUGHTON. That is correct.

The SPEAKER. The question is on the motion of the gentleman from North Carolina to suspend the rules and pass the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed, and a motion to reconsider was laid on the table.

THE COTTON INDUSTRY

Mr. BUCK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H.J.Res. 369) to amend an act entitled "An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Cong.), approved April 21, 1934.

Resolved, etc., That the act entitled "An act to place the cotton industry on a sound financial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Cong.), approved April 21, 1934, is hereby amended by adding at the end thereof the following new section:

"Sec. 25. (a) No tax-exemption certificates shall be issued to any person not engaged in production of cotton in the crop year during which such certificates are issued.

"(b) Whenever after apportionment under sections 7 and 8 any surplus number of bales remain of the amount allotted to any county under section 5 (b) such surplus bales shall be allotted, in such quantities as the Secretary of Agriculture determines, to such other counties within the State as the Secretary of Agriculture determines have an insufficient allotment. Said bales shall be apportioned, pursuant to sections 7 and 8, within the respective counties to which allotted, but in no case shall any farm receive any of such allotment so as to receive a total allotment in excess of its estimated production for the crop year in which such allotment is made.

"(c) In computing the production of any State pursuant to section 5 (a) the total production of cotton for such State in the five-year period, 1928-32, inclusive, shall be used regardless of the length of staple of such production."

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. TARVER. Mr. Speaker, reserving the right to object, will the gentleman explain the reason for calling up this resolution in the manner in which it is being presented to the House, and also something about what the resolution provides? It seems to be a rather lengthy measure, and I should like to know something about it before I accede to the request.

Mr. JONES. May I say to the gentleman that the resolution only clarifies and makes clear what was intended in the original bill. It does two things. It provides that in California, where they have a specified allotment of 200,000 bales, they may shift the allotment from one county to another. This does not affect their general allotment nor the allotment of the other States.

In Arizona they have grown for a long while a considerable amount of long-staple cotton and gradually transferred into the other. This permits them to use their total cotton production in arriving at their total. This means only a difference of some 15,000 bales.

Mr. TARVER. Does the gentleman mean it would add that much to Arizona's allotment?

Mr. JONES. No; it would rather restore that much to Arizona's allotment, making it what it was intended to be. In view of the fact that a 5-year average is taken, Arizona's allotment will be materially reduced. I feel that she should have her average of the 5-year production, and that if she comes within the terms of the exception by the use of her entire production, this should be accorded her in view of the change in the character of cotton produced.

Mr. TARVER. I am of the opinion that Arizona and California were given preferential consideration by the adoption of certain amendments in the Senate over other cotton-producing States, and in view of what the gentleman states this resolution contains, I desire the opportunity to study it before I consent to its being passed by unanimous consent.

Mr. BUCK. May I say to the gentleman it is quite true that the Bankhead bill gave California, Missouri, and Arizona preferential treatment, but the Department of Agriculture, and they are supported in this by the Department of Justice, ruled that because we did not amend the subsequent sections providing for county allotments, in spite of the fact California was given a 200,000-bale allotment, owing

to the migratory character of cotton planting in California, the allotment would be based on the last 5 years' average, which would be about 139,000 bales.

Mr. TARVER. Why is California entitled to any more?

Mr. BUCK. The Department has asked for this.

Mr. TARVER. Why are you entitled to any more? The other States have to get by with their allotments.

Mr. BUCK. May I say that in one county in California the 5-year history shows an average of 7,500 bales. The actual production at the present time is only 1,500 bales. Cotton planting has moved from certain areas to other areas. There will be no increase under this bill to the cotton allotment of California or Missouri and it will not interfere with the production of cotton in the gentleman's State or any other State.

The resolution has the unanimous report of the members of the committee and we are desirous of getting it through the Senate before we adjourn.

Mr. TARVER. This matter can be brought up tomorrow just as well. I do not feel willing to consent to the passage of the bill by unanimous consent when it is apparent that it is one of extreme importance to the cotton-producing areas of this country. I have not had the opportunity to read it, and I do not know what it contains. Therefore, I must object.

USE OF MAILS FOR SHIPMENT OF CERTAIN DRUGS

Mr. MEAD. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report on the bill (S. 822) to amend the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States', approved March 4, 1909", approved January 11, 1929, with respect to the use of the mails for the shipment of certain drugs and medicines to cosmetologists and barbers.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ADDRESS BY POSTMASTER GENERAL FARLEY AT CANISIUS COLLEGE, BUFFALO, N.Y.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech delivered by the Postmaster General at Buffalo, N.Y.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. James A. Farley, Postmaster General of the United States, before the graduating class of Canisius College, Buffalo, N.Y., June 10, 1934:

It is with a deep sense of appreciation of the great honor bestowed that I come here today to take part in the ceremonies that mark the enrollment of these young men into the ranks of the alumni of this great institution. I am glad to have the distinction of being numbered among the members of this class. I am conscious of the fact that I am receiving my degree as a token, while the graduates are receiving a deserved recognition of the diligence with which they have devoted themselves to tasks intended to bring them, at this commencement of their careers, into habits of discipline, both mental and physical, that augur well for their future success.

The president and the faculty of Canisius College, together with parents and friends, can be justly proud today of your accomplishments. They have sacrificed to the end that you should receive all of the benefits accruing from a liberal education. They are happy to bestow upon you their praise and their congratulations. You now leave your alma mater inspired by the traditions which have grown up around its past, carrying with you its benedictions mixed with the confident hopes of your well-wishers.

It is well to remember as you go forth that you carry with you a responsibility. You have a duty to perform. Perform that duty well and your accomplishments will enhance the traditions of Canisius. Thus only can you repay those who have concurred to make this event for you possible.

And what a glorious opportunity opens before the young people of today, to be of service to themselves, their fellowmen, and their country. Unless all signs fail you are initiating your life's work simultaneously with the beginnings of a new era of history. For a score of years the whole world has been passing through upheavals generated by the clash of ideals of service against the time-worn ideas of selfishness. This has been precipitated by the widespread increase of knowledge flowing from the easy avail-

ability of education. Its solution is possible only to those who, having the benefits of education, are willing to dedicate their talents toward working out an equitable plan which will provide a civilization, unbending enough to maintain an orderly program of living and elastic enough to meet the conditions imposed by circumstances beyond the control of humans.

A quarter of a century ago I was about the age of you who are today being graduated. Looking back it seems but a short time but, if the historians delineate all that has occurred in those 25 years, with the same attention to detail as was followed by the historians of a century ago in the writing of their era, many volumes will be filled to every volume of early Americana. The greatest war in history; the greatest advances of science; the greatest conquests of space, both in the terms of communication and travel; the greatest period of industrial activity; the greatest upheaval in governments; the greatest spread of information; and the greatest extension of discoveries in every line of research, have all occurred only to have these tremendous events crowned by the greatest period of economic distress the world has experienced.

Looking back, it seems impossible that so much could have happened in so short a space of time. Looking ahead, can anyone prophesy what events will occur during an equal span of the future? That is the vista that opens before you and, if you consider the possibilities ahead, you should be thrilled with the prospect of entering into the work to be done—fortified by the training you have received from these devoted Jesuits who now look forward to your attaining success as their only reward for their service in preparing you for your duties.

I have heard something of the progress of Canisius on the gridiron. Consequently, I know that you will get the point of the homely comparison I am going to make in order to more clearly reveal the thoughts that have been running in my mind.

My position in the Cabinet of the great man who is today President of these United States has given me the opportunity of being in the center of the great events that are occurring. My 25 years spent in business and political life enable me to picture vividly things as they have been. Anyone of experience knows that changed conditions have brought about new problems which must be met with new methods if civilization is to survive. The leadership in solving these problems during the next quarter of a century will come from those who, seeing the changing conditions, attack these problems with originality, open minds, and a versatility played.

Twenty-five years ago the football supremacy of the country was seated in a few large universities in the East. For years the great gridiron teams each season represented one of a half-dozen schools. Then conditions changed and public opinion, abetted by the influence of the Roosevelt who was then President of the United States, compelled a change in the rules that opened up the game and produced new fields to be explored by the gridiron strategists. The great universities of the East stuck to the old game, but coaches of the smaller universities and the western schools studied the new rules and took advantage of the latitude of plays afforded by the introduction of open tactics. One fall, out of the West there came an eleven that broke into the invincible circle of great eastern teams, simply because they not only knew the new rules but utilized all the latitude afforded by them. Coaches everywhere then seriously took up the open game. As a result the popularity of football increased by leaps and bounds until today great teams are everywhere throughout the land because the new rules are universally studied and universally played.

So it is with the changes of the present. Many who are my age will refuse to recognize the changed aspects of today's conditions. Those who do will succeed as well under the new practices as they did under the old. You who are not handicapped by the customs and ideas and usages of yesterday have an advantage over those who will stubbornly resist these changes of progress. In this respect, your inexperience will be more valuable than their experience. I am not in accord with those who may sympathize with you because you are initiating your careers in these days when trouble still besets many not yet been returned to gainful occupations. Pessimists may regard the influx of new graduates as an additional load to impede recovery. I, however, am of the optimistic view that your freedom from prejudices, combined with your technical training and supported by the self-reliance of youth, will serve to benefit not only yourselves but will hasten the employment of many of your elders because of the new works which you will initiate.

Prosperity, contentment, and happiness are the fruits of national economic activity. The flow of commerce depends upon the demands of the multitudes for those things which make for better living. The satisfaction of the desire for improved conditions of living provide the very means by which the desires can be satisfied. In short, every period of prosperity has been brought about by the discovery of some new means of satisfying human wants. The very providing of those means has made work for the multitudes which provided the income by which all were able to enjoy the fruits of each succeeding contribution to a higher standard of living.

Our colonial fathers fought and died to provide the liberties which they enjoyed in the wooded expanse of a new country, little dreaming of the vast empire they had a hand in creating. Under conditions that would have been to us abhorrent, they found work to do, and because of their courage, their energy, and their adventurous spirit we today are enjoying what to them would have been luxuries beyond their brightest dreams.

In finding and fighting the way out they handed down to us an example of fortitude and strength of character that we might well emulate.

Their descendants carried on and these United States grew and prospered. Through the years we assimilated millions who came to our shores to escape the fetters of older worlds. In America they found a place to forge ahead unhampered by the worn-out ideas of an archaic past. In the melting pot the blood of many races produced the kind of America that today is fighting its way upward to new accomplishments and new achievements. The depression has served to rekindle the spirit of America that permeates the ranks of those who welcome you today as a part of the movement forward. You bring with you the fresh viewpoint that so amply fits the needs of the hour. You have the attribute of youth and vigor and mental discipline that should serve well toward promoting our progress.

There are some who will say there is no way out. They deserve only your contempt. Remember that a little thing produced every period of prosperity and you can face the future with confidence. The invention of the steam engine has been responsible for the employment of millions down through the years. Franklin's kite in the thunderclouds presaged the employment of millions in the electrical industries. Morse ticked a message with a key and wired transmission of communications has ever since kept vast numbers at work. Edison created the incandescent lamp and unleashed employment for multitudes. McCormick with a reaper developed tasks for hordes while lightening the task of that half of our population engaged in agriculture. The disputed invention of the automobile provided gainful employment not only for its manufacture but for the building of the vast networks of roads necessitated by its universal use. The moving picture, the radio, and the talkies provide sustenance for industrious armies while at the same time providing amusement for all. These and other developments have made possible the increase of income that paralleled the longer hours of leisure which made their enjoyment possible.

Who can say what will be the great developments of the next 25 years? It may already be in existence awaiting only the demand that will flow from a purchasing power begotten of confidence. It may yet have to be brought forth by one out of the ranks of those who this month are being graduated from the colleges throughout the land. It may be a new invention that will make life more enjoyable, or it may be a new mode of living that will be promoted by greater leisure to enjoy the advantages of inventions already known. Whatever it may be, you can be confident that you who are young will find a better ordered civilization which will better insure the permanency of the prosperity attendant upon the harvest it provides. You are to be envied and congratulated. Yours is the opportunity of sharing in what will be an epochal development of history. Face your tasks with confidence in your country and faith in yourself and pursue them diligently, and your success will be rivaled only by the satisfaction that you will have in doing your part to preserve for the future the rich heritage of progress which the past is giving into your keeping.

There is just one final admonition that I would make. Your education has been accompanied by a religious training which should cause you to ever remember your dependence on your Maker. No finer example of the value of the spiritual side of our orderly emergence from distress can be presented than our President, whose inspiring words and firm actions have been responsible for the progress we are making. Read any of his messages and you will find contained therein spiritual thoughts that are inspiring. Consider deliberately all of his policies and you will find that they reveal a love for humanity so like the teachings of the Founder of Christianity that they are simply bringing forth anew principles tried by over 1,900 years of successful usage.

Peruse history from the ancients to the present and you will find every period of distress preceded by a period of decadent morality. People with plenty have always seemed to forget their dependence on the Great Provider. Wide-spread poverty awakens not only their interdependence but also the absolute futility of their position without spiritual guidance. Always the orderly way back to normal conditions has been shown by a leader who, seemingly by an act of Providence, appeared at the right time. Such a man was Washington. So, too, was Lincoln. In our own day we know of the aspirations of Wilson. Now we have the great humanitarian. Who will gainsay that his frank messages of confidence carried inspiration into every home by the miracle of the radio that prevented bloodshed punctuating the revival of our national economic balance? What he has done and is doing constitutes a living example which vividly portrays all the ideals I would leave with you. Nurture those ideals and guide your future by their light and your success is assured.

PROTECTION OF TRADE AND COMMERCE AGAINST VIOLENCE

Mr. OLIVER of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2248) to protect trade and commerce against interference by violence, threats, coercion, or intimidation, and put it upon its passage, with certain amendments recommended by the Judiciary Committee.

This is merely the creation of an extortion statute against those who extort money by force or violence from those engaged in interstate commerce. It is a part of the crime

program that had to be delayed because of various discussions or we would have had it up the last time. We now bring this bill up for immediate consideration.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the term "trade and commerce", as used herein, shall include trade or commerce between any States, with foreign nations, in the District of Columbia, in any Territory of the United States, between any such Territory or the District of Columbia and any State or other Territory, and all other trade or commerce over which the United States has constitutional jurisdiction.

Sec. 2. Any person who, in connection with or in relation to any act in any way or to any degree affecting, burdening, hindering, destroying, stifling, or diverting trade or commerce or any article or commodity moving or about to move in trade or commerce—

(1) Commits or threatens to commit any act of violence, intimidation, or injury to a person or property, or commits any act which is declared to be unlawful by the criminal laws of the State, District, or Territory where the act is committed; or

(2) Extorts or attempts to extort money or other valuable considerations; or

(3) Coerces or attempts to coerce any person, firm, association, or corporation to join or not to join an association, firm, corporation, or group, or to buy or rent commodities or services from particular sources, persons, firms, or corporations, or to make payments directly or indirectly to any person, association, firm, corporation, or group except for a bona fide consideration; or

(4) Coerces or attempts to coerce any person, firm, association, or corporation to do an act which such person, firm, association, or corporation has a legal right not to do, or to abstain from doing an act which such person, firm, association, or corporation has a legal right to do—

shall, upon conviction thereof, be guilty of a felony and shall be punished by imprisonment from 1 to 99 years, and, in addition, by a fine which shall be at least commensurate with the amount of the unlawful gain.

Sec. 3. Any person charged with violating this act may be punished in any district in which any part of the offense has been committed by him or his associates or his conspirators.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"That the term 'trade or commerce', as used herein, is defined to mean trade or commerce between any States, with foreign nations, in the District of Columbia, in any Territory of the United States, between any such Territory or the District of Columbia and any State or other Territory, and all other trade or commerce over which the United States has constitutional jurisdiction.

"Sec. 2. Any person who, in connection with or in relation to any act in any way or in any degree affecting trade or commerce or any article or commodity moving or about to move in trade or commerce—

"(a) Commits or threatens or attempts to commit an act of physical violence or physical injury to a person or to the property of another, in furtherance of a plan, purpose, or attempt to fix or increase prices, or restrict or allocate production, purchases, or sales, or suppress competition; or

"(b) Obtains or attempts to obtain, by the use of or attempt to use or threat to use force, violence, or coercion, the payment of money or other valuable considerations, or the purchase or rental of property or protective services, not including, however, the payment of wages by a bona fide employer to a bona fide employee; or

"(c) Obtains the property of another, with his consent, induced by wrongful use of force or fear, or under color of official right; or

"(d) Commits or threatens to commit an act of physical violence or physical injury to a person or property in furtherance of a plan or purpose to violate sections (b) or (c) herein; or

"(e) Conspires or acts concertedly with any other person or persons to commit any of the foregoing acts; shall, upon conviction thereof, be guilty of a felony and shall be punished by imprisonment of from 1 to 99 years, and in addition, by a fine which shall be at least commensurate with the amount of the unlawful gain.

"Sec. 3. (a) As used in this act the term 'wrongful' means in violation of the criminal laws of the United States or of any State or Territory.

"(b) The terms 'property', 'money' or 'valuable considerations' used herein shall not be deemed to include wages paid by a bona-fide employer to a bona-fide employee.

"Sec. 4. Prosecutions under this act shall be commenced only upon the express direction of the Attorney General of the United States.

"Sec. 5. If any provisions of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"Sec. 6. Any person charged with violating this act may be prosecuted in any district in which any part of the offense has been committed by him or by his actual associates participating

with him in the offense or by his fellow conspirators: *Provided*, That no court of the United States shall construe or apply any of the provisions of this act in such manner as to impair, diminish, or in any manner affect the rights of bona-fide labor organizations in lawfully carrying out the legitimate objects thereof, as such rights are expressed in existing statutes of the United States."

Mr. OLIVER of New York. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment, offered by Mr. OLIVER of New York: On page 3, line 22, strike out the paragraph beginning "(a)" down to and including the word "or" on page 4, line 2.

On page 4, line 20, strike out all after the words "from one to" down to and including the word "gain" on page 4, line 22, and substitute in lieu the following: "10 years or by a fine of \$10,000 or both."

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHIPPEWA INDIANS OF MINNESOTA

Mr. CHRISTIANSON. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1735) to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims."

I may say, Mr. Speaker, I have two bills here of minor importance except to the Chippewa Indians in northern Minnesota. Both of the bills have passed the Senate and companion bills in both instances, identical to the Senate bill, have been considered by the Committee on Indian Affairs and unanimously recommended. The bills have the endorsement of the Bureau of Indian Affairs and the Department of the Interior.

Mr. JENKINS of Ohio. Have these bills been on the Consent Calendar and objected to?

Mr. CHRISTIANSON. No; they have not.

Mr. JENKINS of Ohio. Have they ever been on the Consent Calendar?

Mr. CHRISTIANSON. They have never been on the Consent Calendar.

The SPEAKER. The Clerk will report the Senate bill S. 1735. The Clerk read as follows:

Be it enacted, etc., That section 1 of an act approved May 14, 1926 (44 Stat. 555), be, and the same is hereby, amended to read as follows:

"SECTION 1. That jurisdiction be, and is hereby, conferred upon the Court of Claims, with right of appeal to the Supreme Court of the United States by either party as in other cases, notwithstanding the lapse of time or statute of limitations, to hear, examine, and adjudicate and render judgment in any and all legal and equitable claims arising under or growing out of the act of January 14, 1889 (25 Stat.L. 642), or arising under or growing out of any subsequent act of Congress in relation to Indian Affairs which said Chippewa Indians of Minnesota may have against the United States, which claims have not heretofore been determined and adjudicated on their merits by the Court of Claims or the Supreme Court of the United States. In any such suit or suits the plaintiffs, the Chippewa Indians of Minnesota, shall be considered as including and representing all those entitled to share in the final distribution of the permanent fund provided for by section 7 of the act of January 14, 1889 (25 Stat.L. 642), and the agreements entered into thereunder: *Provided*, That nothing herein shall be construed to affect the powers of the Secretary of the Interior to determine the roll or rolls of the Chippewa Indians of Minnesota for the purpose of making any distribution of the permanent Chippewa fund or of the interest accruing thereon or of the proceeds of any judgments: *Provided further*, That nothing herein shall be construed to authorize the submission to the Court of Claims for determination of any individual claim or claims to enrollment with the Chippewa Indians of Minnesota or to share in the interest or principal of the permanent Chippewa fund or in any funds hereafter acquired: *Provided further*, That the qualifications necessary to such enrollment shall not be changed or affected in any manner by the provisions of this act."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

AMENDMENT OF ACT APPROVED JUNE 28, 1932 (47 STAT.L. 337)

Mr. CHRISTIANSON. Mr. Speaker, I make the same request with respect to the other bill I have referred to (S. 3147) to amend the act approved June 28, 1932 (47 Stat.L. 337), and the same statement applies to this bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act approved June 28, 1932 (47 Stat.L. 337), be, and the same is hereby, amended by striking out in the eighth line thereof the word "three" and substituting therefor the word "five."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE VALUE OF THE CIVILIAN CONSERVATION CORPS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, for more than a year the Emergency Conservation Work organization, initiated by President Roosevelt during his first month in office, has been operating Civilian Conservation Corps forest camps successfully in all sections of the United States. Launched as an essential cog in the administration's general industrial recovery, relief, and employment program, this movement has evoked wide-spread commendation from the press and the public. Within the 12 months that it has been actively in operation this reforestation program has given jobs at one time or another to more than 650,000 persons, and afforded a measure of relief at all times to an average of 300,000 families. By giving healthful, outdoor work to undernourished and discouraged youths it has aided in the physical and spiritual rejuvenation of hundreds of thousands of our young men, many of whom were taken from the streets of our cities and villages and were provided with jobs, good wholesome food, and a chance to aid in the support of their families.

This movement has aided business recovery by supplying large orders for manufactured goods and foodstuffs to industries and wholesale houses. And in addition to these contributions to the national welfare, the men sent to the camps have accomplished an amazing amount of worthwhile work in the Nation's forests and parks—work which will aid in the conservation of our forest resources and pay big dividends to present and future generations in timber, recreational advantages, and reduced losses through soil erosion.

Now that the record of accomplishment for the first year of the forest camps is available, I want to call the attention of this Congress to a few of the salient facts in the history of this reforestation movement. It will be recalled that on March 20, 1933, the President first called upon Congress for aid in getting the forest-camp movement under way. At that time he sent a message in which he sought authority for the establishment of a great Nation-wide chain of forest camps, where a vast army of unemployed young men could be given healthful outdoor work on projects looking toward the conservation of the Nation's more than half a billion acres of forested lands.

I propose—

The President said—

to create a Civilian Conservation Corps to be used in simple work, not interfering with normal employment and confining itself to forestry, the prevention of soil erosion, flood control, and similar projects. I call your attention to the fact that this type of work is of definite, practical value, not only through the prevention of great present financial loss but also as a means of creating future national wealth.

More important, however, than the material gains will be the moral and spiritual value of the work. The overwhelming majority of unemployed Americans now walking the streets and receiving public or private relief would infinitely prefer to work. We can take a vast army of these unemployed out of unhealthful surroundings. We can eliminate to some extent at least the threat that enforced idleness brings to spiritual and moral stability.

The authority asked by the President was granted on March 31, 1933, with the passage of a bill entitled "An act

for the relief of unemployment through the performance of useful public works, and for other purposes."

Five days after the bill was passed the President set up the organization of Emergency Conservation Work to carry out the provisions of the law. Robert Fechner, of Boston, was named Director, and the Secretaries of War, Interior, Agriculture, and Labor were directed by the President to cooperate with the Director in the establishment and operation of the camps.

Decision was reached at once to establish a forest camp organization of 250,000 men to be known as the Civilian Conservation Corps. Attendance at the forest camps was limited primarily to young unmarried men between the ages of 18 and 25 years and whose families were on the relief rolls of State, city, or local communities. It was decided also to establish a large number of small camps rather than concentrate the young forest workers at a few central points. The task of selecting the young men was turned over to the Labor Department, and this organization at once designated State agencies in each State to aid in this selection. Later, when it was decided to give the veterans a place in the E.C.W. program, the work of selecting this group was turned over to the Veterans' Administration. The War Department was made responsible for the enrollment, feeding, clothing, and general welfare of the men. Under the direction of the Secretary of War, this Department established the work camps, transported the new enrollees to these camps, and accepted the responsibility for their care from the time they entered the C.C.C. until they were discharged. The responsibility for planning and carrying out the forest- and park-work programs was placed squarely in the hands of the Departments of the Interior and Agriculture. The Forest Service of the Department of Agriculture and the National Park Service of the Interior Department have planned and supervised all work done in the camps with the exception of the Winoski Valley flood-control project, where 5,000 veterans have been working under the direction of the Army Corps of Engineers, and a few small projects. At the present time the Department of Agriculture has supervision over the work being done at 1,047 camps. The Department of the Interior supervises the work operations at 395 camps.

Within 2 weeks after the Emergency Conservation Work organization was set up on April 5, the first C.C.C. camp was established in the George Washington National Forest near Luray, Va. By July 1 the Labor Department had selected, and the War Department had enrolled, 250,000 young men and started them on the way to the forests. In addition, the Veterans' Administration had completed the selection of 25,000 veterans. Before the middle of July a total of 1,468 camps occupied by young men, war veterans, and locally enrolled woodsmen were in operation in the forests and parks. On that date there were 300,000 men enrolled and in the camps. Each camp was occupied by 200 enrolled men. Since that time the E.C.W. organization has maintained an average of 1,468 camps, each State having not less than two camps. The average enrolled strength maintained during the past year has exceeded 285,000 men.

In order to afford work for Indians needing relief, the President approved a plan allowing 14,400 Indians to be enrolled for work on Indian reservations. These camps have been conducted by the Office of Indian Affairs independently of the C.C.C. In addition, smaller independent units of camps have been established in Puerto Rico, Hawaii, and Alaska. Puerto Rico now has 1,250 men in forest camps; Hawaii, 777; and Alaska, 325.

The major accomplishments of the Emergency Conservation Work program, as they have been outlined in reports submitted by officials of the organization to the President, can be grouped under five major headings. These include benefits in the field of unemployment, in the field of relief, in the business field, in the rehabilitation of young men, and in the conservation of our forested lands.

In the field of unemployment, jobs have been given to approximately 600,000 enrolled men, the big majority of them young men between the ages of 18 and 25. About

8,000 reserve officers of the War Department have been employed at one time or another in the camps. Work has been given to an average of 14,000 foresters and technicians, indicating that at least 18,000 men in this category have been employed for varying periods of time. In addition, employment has been given for short periods of time to at least 40,000 skilled and unskilled workmen. No definite figures are available as to the exact number of men who have been furnished work indirectly through orders given to industry for supplies, but it is believed an accurate tabulation would show many thousands were given work in this manner.

In the field of relief, funds have been supplied indirectly to an average of 300,000 families since the work was actively under way. The men are paid \$30 a month on condition that they allot a large portion of their cash allowances to their families. These allowances are sent direct to the families by the War Department. On the average, the War Department mails out 300,000 checks each month, the total cash involved amounting to between \$6,500,000 and \$7,000,000. This monthly relief aid is in addition to the pay checks which are sent direct to the Indians, to many of the veterans, and all the experienced woodsmen who are enrolled locally when camps are established. All told, more than \$80,000,000 has been paid out direct to families of enrolled men since the E.C.W. work began and up to April 30.

Tests conducted by the Office of the Surgeon General of the War Department, as well as examinations made at the camps, have disclosed that phenomenal health gains have been registered by the undernourished and often discouraged boys sent to the camps. One test of 10,000 men selected at random by the Surgeon General's Office showed the men had gained an average of 7.28 pounds per man during the first 6 months. Many gains of from 15 to 20 pounds have been recorded. Officers at the camps, as well as State officials who have visited the camps, have reported to Director Fechner that the good food, outdoor work, and freedom from worry have substantially increased the morale of all the men who have entered the camps.

Purchases made for the Emergency Conservation Work forest camps have aided hundreds of industries. The figures show that up to April 30 of the current year more than a hundred million dollars had been expended for supplies needed to keep the corps in operation. The purchases include such items as trucks, clothing, foodstuffs, heavy machinery, building materials, stoves, and equipment for the barracks and fire extinguishers. The food bill for this period was \$35,000,000. During the same period \$24,000,000 was expended for shelter and \$40,000,000 for clothing. Railroads were aided through increased passenger and freight business. Farmers and retail stores in the vicinity of the camps also were afforded a better market for their produce.

The intimate relations of the forest resources to the Nation's economic and social well-being is brought home to the public by the record of useful work achieved by the men of the corps during their first year in the woods. Achievements for the first 12 months can now be appraised in cold figures of miles, acres, and man-days of work performed. The record shows that for the first time in the Nation's history massed man-power has been made available for forest protection on a scale which should result in reducing substantially the huge losses normally caused each year by forest fires, disease, tree-attacking insects, and rodents.

The great bulk of the field activities of the Corps has been directed toward protecting the forests from fire, insects, and disease; the improvement of timbered areas through thinning out undesirable trees and undergrowth; the prevention of soil erosion; tree planting and the improvement of National and State park areas for recreational use. Among the achievements which stand out in the completed program is the work done in the field of forest protection. This included the construction of trails through the forests and parks over which fire-fighting units could be operated speedily in event of fire; the construction of

fire breaks to check the spread of forest fires; the cleaning out of fire hazards, such as inflammable dead trees and underbrush, the cleaning up of road and trail sides; the construction of lookout towers; fire-guard cabins, shelter for fire-protection equipment; the laying of telephone wires to connect lookout houses with fire-fighting units; and the carrying on of campaigns against such menaces to healthy forest growth as the white-pine blister rust, a fungus disease now menacing millions of acres of white pine; and the hordes of insects and pests which attack trees.

Hundreds of millions of acres of timberlands have been improved by thinning out undesirable trees from valuable timber stands. The grazing lands on nationally owned lands have been improved by the eradication of plants poisonous to livestock; by the killing of rodents; by the revegetation of depleted lands, and the construction of fences and the development of better, or new, sources of water supply. Erosion control, watershed protection, and flood-prevention work have been major activities of the corps.

Major items of work accomplished during the first year are shown in the following table:

Classification, units, and total amount of Emergency Conservation work, completed Apr. 5, 1933, to Mar. 31, 1934; all services in continental United States, Alaska, Hawaii, and Puerto Rico

NEW CONSTRUCTION

Classification no.	Type of job	Unit	New Work
1	Telephone lines.....	Miles.....	15,241
2	Firebreaks.....	do.....	18,531
3	Reduction of fire hazards.....	Acres.....	542,659
4	Roadside clearing, fire prevention.....	Miles.....	12,053
5	Trailside clearing, fire prevention.....	do.....	3,564
6	Lookout houses.....	Number.....	274
7	Lookout towers.....	do.....	355
8	Fighting forest fires.....	Man-days.....	686,709
9	Fire suppression.....	do.....	226,023
10	Fire prevention.....	do.....	32,802
11	General clean-up other than fire prevention.....	Acres.....	25,180
12	Forest-stand improvement.....	do.....	953,318
13	Roads:		
	(a) Truck trails.....	Miles.....	25,413
	(b) Minor.....	do.....	813
	(c) Highway.....	do.....	262
14	Trails:		
	(a) Horse.....	do.....	3,259
	(b) Foot.....	do.....	2,474
15	Driveways for livestock.....	do.....	342
16	Dwellings at permanent stations.....	Number.....	481
17	Dwellings at temporary stations.....	do.....	491
18	Tool houses and boxes.....	do.....	4,614
19	Barns at permanent stations.....	do.....	220
20	Barns at temporary stations.....	do.....	150
21	Offices.....	do.....	464
22	Public camp-ground clearing.....	Acres.....	16,006
23	Public camp-ground buildings.....	Number.....	972
24	Public camp-ground latrines.....	do.....	2,983
25	Public camp-ground water systems:		
	(a).....	Feet.....	208,865
	(b).....	Number.....	720
26	Public camp-ground waste disposal:		
	(a).....	Feet.....	56,006
	(b).....	Number.....	1,889
27	Other public camp-ground facilities.....	do.....	15,464
28	Other structures.....	do.....	4,373
29	Fences, other than ranges.....	Miles.....	862
30	Fences, range:		
	(a) Wire.....	do.....	2,761
	(b) Log.....	do.....	70
	(c) Stake and rider.....	do.....	56
31	Water systems:		
	(a) Storage facilities.....	1,000 gallons.....	91,705
	(b) Pipe lines.....	Feet.....	618,757
	(c) Wells and water holes.....	Number.....	1,340
32	Spring or well development for livestock.....	do.....	1,168
33	Reservoirs, water for livestock.....	do.....	922
34	Planting.....	Acres.....	98,592
35	Nursery.....	Man-days.....	138,908
36	Experimental plots.....	Number.....	1,173
37	Range revegetation.....	Acres.....	6,939
38	Seed collection:		
	(a) Conifers (cones).....	Bushels.....	16,996
	(b) Hardwoods and other.....	Pounds.....	259,591
39	Insect-pest control:		
	(a) Tree.....	Acres.....	1,666,637
	(b) Other.....	do.....	203,479
40	Rodent control.....	do.....	4,405,785
41	Elimination of useless range stock.....	Number.....	44,068
42	Tree and plant disease control.....	Acres.....	2,757,419
43	Eradication, poisonous and other plants.....	do.....	67,935
	(a) Lineal.....	Miles.....	28,194
	(b) Topographic.....	Acres.....	2,039,306
44	Survey:		
	(c) Timber estimating, forest type range special use, etc.....	do.....	5,003,558
	(d) Model or relief maps.....	Square feet.....	582
45	Ground-water surveys.....	Acres.....	891,209

Classification, units, and total amount of Emergency Conservation work, completed Apr. 5, 1933, to Mar. 31, 1934; all services in continental United States, Alaska, Hawaii, and Puerto Rico—Con.

NEW CONSTRUCTION—Continued

Classification no.	Type of job	Unit	New Work
46	Erosion control (includes sloping and planting):		
	(a) Dams.....	Number.....	420,633
	(b) Land benefited.....	Acres.....	764,624
	(c) Bank protection.....	Square feet.....	110,020,183
	(d) Ditches, drainage, diversion, etc.....	Linear yards.....	53,614
47	Bridges:		
	(a) Foot.....	Number.....	2,528
	(b) Horse.....	do.....	381
	(c) Vehicle.....	do.....	11,620
	(d) Stock.....	do.....	543
48	Water improvement:		
	(a) Lake, pond, or beach.....	Acres.....	26,788
	(b) Stream.....	Miles.....	695
	(c) Restocking fish.....	Number.....	1,220,989
49	Ponds for fish and birds.....	do.....	1,170
50	Dams, recreational.....	do.....	864
51	Corrals.....	do.....	200
52	Flood control:		
	Surveys:		
	(a) Lines and grades.....	Linear feet.....	11,512,251
	(b) Topographic.....	Square feet.....	48,838,059
	(c) Dam site.....	do.....	3,633,131
	Clearing:		
	(d) River bank.....	Square feet.....	18,538,873
	(e) Channel.....	Linear yards.....	196,812
	(f) Earth fill.....	Cubic yards.....	1,078,338
	(g) Stripping of site.....	do.....	98,164
	(h) Earth excavation.....	do.....	355,911
	Dams:		
	(i) Rock excavation.....	do.....	56,062
	(j) Concrete.....	do.....	29,542
	(k) Rock fill.....	do.....	128,765
	(l) Steel.....	Pounds.....	1,050,261
	Channel enlargements:		
	(m) Earth excavation.....	Cubic yards.....	312,623
	(n) Rock excavation.....	do.....	85,678
	Reconstruction of existing dams:		
	(o) Rock excavation.....	do.....	36,164
	(p) Earth excavation.....	do.....	14,150
	(q) Concrete removal.....	do.....	157
	(r) New concrete.....	do.....	1,775
	(s) Steel.....	Pounds.....	69,115
	(t) Levees.....	Cubic yards.....	345,181
	(u) Cribbing, including riprap filling.....	Linear feet.....	211,300
53	Landscaping.....	Acres.....	16,697
54	Landing fields, airplane.....	do.....	1,887
55	Fighting coal fires.....	Man-shifts.....	12,210
56	Guard rails.....	Miles.....	51
57	Searching for missing persons.....	Man-days.....	4,917
58	Mosquito control:		
	(a) Ditching.....	Linear yards.....	275,087
	(b) Staking.....	do.....	207,622

Extracts from official letters written to the President by Director Fechner; George H. Dern, Secretary of War; Henry A. Wallace, Secretary of Agriculture; Harold L. Ickes, Secretary of the Interior; and Frances Perkins, Secretary of Labor, on the occasion of the completion of the first year of the C.C.C., point clearly to the advantages that have accrued from this reforestation program.

In my opinion—

Director Fechner said in his communication—

operation of the forest camps has clearly enhanced the value of our forests and parks, relieved an appreciable amount of distress and spurred business recovery by furnishing an active market for the sale of food, clothing, manufactured goods, automotive equipment, and other supplies needed to keep the conservation program in operation. The hundreds of thousands of young men and war veterans who left city and village streets to enter the healthful environment of the forest camps, entered their work on a purely voluntary basis. No military training was involved. All of these men have been improved physically. Almost every man has increased in weight. Most of them have developed new self-respect, greater self-reliance. There is evidence that their morale, as well as the morale of their dependents, has been lifted. Thousands of young men have been taught how to work. The camp movement has shown that young men would rather work than go on relief.

Discussing the value of the C.C.C. to the forested sections of the country, Secretary Wallace said:

The presence of the Civilian Conservation Corps, representing an immediately available supply of man power, was a large contributing factor in reducing fire-fighting expenditures, acreage burned, and damage to national-forest lands. The fire record for 1933 is one of the best ever recorded in the history of the national forests. Damage was held to approximately \$325,000, which is less than 17 percent of the average annual loss during the previous 5-year period. Also, through the construction of numerous lookout houses and towers, telephone lines, roads and trails, the

detection, communication, and transportation systems, essential to fire control, were perfected on a scale far in excess of that reached ordinarily within a decade.

In his letter Secretary Ickes stressed the value of the work done in the National and State parks. He said, in part:

The field officers of this Department report that the presence of the enrollees has enabled the planned recreational program for our areas to be carried forward in an effective manner, and results have been accomplished that would have taken more than 10 years to achieve in normal circumstances.

The assignment of Emergency Conservation Work camps to the National Park Service, General Land Office, Office of Indian Affairs, and to the Territory of Hawaii offered an opportunity for the Department of the Interior to participate in the constructive accomplishments of this unique conservation venture of the current administration.

The specific projects which have been completed will aid field officers of this Department in an effective manner to conserve and preserve natural features in our distinctive national parks and monuments and in the public domain and Indian reservations. Protection against fire and insect infestation, blister rust and tree disease, and roadside fixation and erosion control have been major accomplishments. The availability and utilization of Emergency Conservation Work enrollees for fire fighting to a large degree accounts for a 37-percent reduction in fire losses in 1933 as compared to the previous year in our national parks. Further detailed description of the several classes of projects would include activities that tend to protect, develop, and perpetuate existing natural areas, preserve forest cover, prevent soil erosion, reduce fire hazards, and establish the means for our citizenship to reach and utilize the scenic and primitive areas without despoiling them. The work has been national in character and the results have thoroughly justified the public trust.

The effective manner in which the Office of Indian Affairs has extended the Emergency Conservation Work program to our Indian reservations has been of a very spectacular nature. The program has been carried out in a unique manner with Indians, to a large degree, used to supervise the work on the various projects. A maximum amount of direct relief has been extended to the Indians on the reservations.

In conclusion, I wish to express once again the belief that this work has been of untold benefit. Its continuance will further demonstrate to our people the splendid program which not alone rebuilds our physical resources but which also rebuilds hundreds of thousands of this Nation's men.

UPPER CAROLINA DEVELOPMENT ASSOCIATION

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

Mr. SPEAKER. Is there objection?

There was no objection.

Mr. McSWAIN. Mr. Speaker, undoubtedly the vision of brighter and better days laid before us by the message of the President on June 8 is the solemn promise of "a President who gets things done", of the realization of a just and fair economic system for the American people. The burning words of the President bring out into bold relief in my mind thoughts that have been somewhat hazy and uncertain for many years.

During these years I have contemplated for upper South Carolina a great movement of cooperation for its development through diversified industry and diversified agriculture. Now is the time for us to act. If we will organize as hereinafter indicated and present to the President at the next session of Congress a definite and concrete plan for carrying out his great program, then I have every confidence that our section will be among the first to receive the stimulus and benefits that he intends to confer here and there, until finally the whole Nation will be organized into one mighty cooperative movement among all people, all industries, and all activities, and thereby all American citizens enjoy to the fullest measure possible that "life, liberty, and the pursuit of happiness" contemplated by the American Declaration of Independence.

Below are some brief extracts from that wonderful message of the President which to my mind seem to indicate that he had our section of South Carolina before him as a picture and object lesson when he was thinking out this wonderful message. Whether or not it was specifically before him, it certainly is before my mind as I read and recall his message, and I believe that I can draw the picture so distinctly to the President that he will see that in the piedmont section of South Carolina is certainly one of the next

parts of the Nation to begin a section-wide movement for bringing prosperity and happiness to all the people within our bounds.

Here is the express language of our great President:

Hence I am looking for a sound means which I can recommend to provide at once security against several of the great disturbing factors in life—especially those which relate to unemployment and old age. I believe there should be a maximum of cooperation between States and the Federal Government.

Roosevelt is a President who makes his dreams for social justice come true:

These three great objectives—the security of the home, the security of livelihood, and the security of social insurance—are, it seems to me, a minimum of the promise that we can offer to the American people. They constitute a right which belongs to every individual and every family willing to work. They are the essential fulfillment of measures already taken toward relief, recovery, and reconstruction.

This seeking for a greater measure of welfare and happiness does not indicate a change in values. It is rather a return to values lost in the course of our economic development and expansion.

Ample scope is left for the exercise of private initiative. In fact, in the process of recovery, I am greatly hoping that repeated promises that private investment and private initiative to relieve the Government in the immediate future of much of the burden it has assumed will be fulfilled. We have not imposed undue restrictions upon business. We have not opposed the incentive of reasonable and legitimate private profit. We have sought rather to enable certain aspects of business to regain the confidence of the public. We have sought to put forward the rule of fair play in finance and industry.

INSURANCE AGAINST UNEMPLOYMENT AND OLD AGE

President Roosevelt believes that government under the modern conditions under which we live is the people's agency to carry out the people's will and to bring about social justice between man and man.

The third factor relates to security against the hazards and vicissitudes of life. Fear and worry based on unknown danger contribute to social unrest and economic demoralization. If, as our Constitution tells us, our Federal Government was established among other things "to promote the general welfare", it is our plain duty to provide for that security upon which welfare depends.

Next winter we may well undertake the great task of furthering the security of the citizen and his family through social insurance.

We need a plan and program for upper Carolina.

Unlike most of the leading nations of the world, we have so far failed to create a national policy for the development of our land and water resources and for their better use by those people who cannot make a living in their present positions. Only thus can we permanently eliminate many millions of people from the relief rolls on which their names are now found.

We have land and water to master and use.

The extent of the usefulness of our great natural inheritance of land and water depends on our mastery of it. We are now so organized that science and invention have given us the means of more extensive and effective attacks upon the problems of nature than ever before. We have learned to utilize water power, to reclaim deserts, to recreate forests, and to redirect the flow of population. Until recently we have proceeded almost at random, making many mistakes.

Let upper Carolina organize now and be ready to take advantage of the President's proposal just as soon as it is enacted into law.

The rate of speed that we can usefully employ in this attack on impossible social and economic conditions must be determined by business-like procedure. It would be absurd to undertake too many projects at once or to do a patch of work here and another there without finishing the whole of an individual project. Obviously, the Government cannot undertake national projects in every one of the 435 congressional districts, nor even in every one of the 48 States. The magnificent conception of national realism and national needs that this Congress has built up has not only set an example of large vision for all time but has almost consigned to oblivion our ancient habit of pork-barrel legislation; to that we cannot and must not revert. When the next Congress convenes I hope to be able to present to it a carefully considered national plan, covering the development and the human use of our natural resources of land and water over a long period of years.

Finally Roosevelt concludes that we, all men and women, all Americans, must carry on the fight for homes and home life, for a chance to work and to earn a fair wage, and for

security against the hazards of the old, unstable, undependable economic order.

It is true that there are a few among us—

He refers to Republicans—

who would still go back. These few offer no substitute for the gains already made nor any hope for making future gains for human happiness. They loudly assert that individual liberty is being restricted by Government, but when they are asked what individual liberties they have lost they are put to it to answer.

We must dedicate ourselves anew to a recovery of the old and sacred possessive rights for which mankind has constantly struggled—homes, livelihood, and individual security. The road to these values is the way of progress. Neither you nor I will rest content until we have done our utmost to move further on that road.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 8, 1934.

NATURE'S WONDERFUL SOIL

The soil of this section, like the soil of any country, is the foundation upon which its economic condition must rest. The soil in the piedmont section of South Carolina is capable of being made the richest in the world. It represents the disintegration of gneiss and granite that was rich in phosphorus, potash, copper, iodine, iron, and many other minerals indispensable to human life, highly essential to human life, and promotive of that energy and vigor in human life so essential to progress.

OUR CLIMATE UNSURPASSED

The second indispensable element in the natural advantages of this section of South Carolina is its climate. Those who have lived there all their lives do not realize the wonderful blessing they have in the climate. The altitude ranges from an elevation of about 500 feet above the sea to 1,500 feet, near the foot of the mountains; and this means that it is never oppressively hot in summer and never extremely cold in winter. Furthermore, the very situation prevents extremes of temperature. In the first place, during the summer the nearby presence of the high mountains, ranging from three to five thousand feet in elevation, cools the air and thus causes it to be heavier than the warm air along the eastern slopes of the mountains. As a result, the warm air rises and is replaced by cool air drifting down from the lofty mountain tops. By a remarkable coincidence these very mountains which cool our climate in summertime also protect us from blizzards and extremes of cold in wintertime. The blizzards blowing from the great Northwest strike the Appalachian and Blue Ridge Mountain Ranges and are either broken or deflected to either the north or the south. The piedmont section of South Carolina is shielded by these mountains and sudden fluctuations in temperature and sudden falls in the mercury are thereby prevented.

PURE WATER AND ABUNDANT WATER POWER

The next factor in the physical set-up for any civilization is water. The water in the piedmont section is pure free-stone, being filtered through the gravel and clay and accumulated in reservoirs below and running out in springs of the purest, freshest, and coolest water. These waters, gathering from a thousand springs, make rivers which, in tumbling from the higher altitudes to the plains below, make a vast water power available. Much of this water power has already been developed, but much of it remains undeveloped to this day, and if harnessed, as it should be, it would become the means of building our cities, towns, industrial centers, and farms into a very prosperous section.

OUR VIGOROUS WHITE POPULATION

The next factor, and perhaps the most important after all, is the quality of the white population living in this section of the State. Approximately 75 percent of the population is white, of which at least 99 percent is native born, drawn from that hardy, vigorous, and noble-minded race called the Anglo-Saxon, and more specifically the Scotch-Irish. The other 25 percent, the native-born Negro population, is generally amenable to the leadership of the white people, and can usually be led and guided into becoming highly useful workers in the fields and in certain forms of industry.

The white population is of the same stock that won the Battles of Kings Mountain and Cowpens. It is of the same stock that won the Battle of Bull Run on July 21, 1861, and a hundred other battles on Southern soil. It is the same stock that suffered unutterable and indescribable woes, miseries and privations after the inevitable surrender at Appomattox. It is the stock of those people who went back to their farms with their broken war horses and produced the means of subsistence for their loved ones. It is the same stock of folks who finally, in spite of carpetbaggers and scalawags, took possession of all the governments in the Southern States, as they did in South Carolina under Wade Hampton in 1876, and since have maintained the purest, the most economical, and the most efficient forms of government anywhere in the United States. These people cannot be submerged forever, or fail to win their prosperity and happiness, if given a chance to work and to win independence.

OUR WONDERFUL PIEDMONT SECTION

This marvelous piedmont section of South Carolina is already well supplied with ample railroad transportation facilities, being intersected by one of the greatest double-track systems of the Nation, with ample feeder and tributary lines and systems. In addition, splendid hard-surfaced roads intersect the entire area and make it possible for a farmer to deliver his produce of fruits, vegetables, poultry and eggs, milk and cream within an average of 1 hour after leaving the farm until reaching the farm-marketing center.

OUR GREAT TEXTILE CENTER

Already numerous textile industries are to be found. The greatest concentration of textile activities in the Nation is in this favored piedmont section. So many plants at and near Fall River, Mass., are closed or curtailed in activity as to make our section the greatest textile center in the Western world. What we need now is a greater diversification of industries. We need industries to supply all forms of machinery and equipment for the existing textile plants. We need industries to use the cloth from existing plants and process the same in a hundred ways in which cotton cloth may be used. But in order to induce these new industries to come we need encouragement to capital in the form of cheaper power, capital at lower interest and on long terms—that feature will be discussed later. These things the President has promised, and we can and should get them first.

HOW TO DIVERSIFY

Of equal importance as the diversification of industry is the diversification of farm products. To make such farm diversification possible cash markets for every form of farm product must be provided. That is why I am urging the establishment of farm-marketing centers in every county in this section of the State.

In fact, some of the larger counties might well have two or three such marketing centers so as to bring them close to the producers. Each marketing center might vary slightly from the others, both in capacity and in the nature of business carried on, but in general they will be of one type. That type will mean a modern cannery, conducted in a scientific way, so as to preserve fruits and vegetables in such a way that they will command the top prices in the best markets of the Nation. Also, there will be included a creamery, where milk and cream may be promptly converted into butter and all forms of cheese. They will also include small packing houses for converting cattle and hogs into all forms of meat products. In like manner there will be ample cold storage to preserve the foregoing products until they are shipped in carload lots, and also to preserve eggs and dressed poultry until the same shall be shipped in refrigerated cars, or in cold-storage shipping crates, to the great centers of population. This means land will again rise in price and ever be the best investment and best security in the world.

PLANS FOR FUTURE PROGRESS

This program of diversification of both industry and agriculture will call for additional subsistence homestead

projects. The three projects already authorized for the piedmont section will be multiplied many times in bringing about a coordination between agriculture and industry. This diversification and coordination will undoubtedly result in the complete control of soil erosion that has been sapping the fertility of our fields. In like manner these fields will begin to grow more fertile, by reason of not being exclusively planted from year to year in cotton but in food and feed crops to be used for the subsistence of man and beast, and for the surplus of such food and feed crops to be shipped to the northern markets. When the fields stop washing, then the creeks and rivers will no longer fill up with sand and mud and the power plants that will be found in every stream, one below the other, in close succession, will constitute flood-control agencies, will hold the water back until it is fed gradually through the power wheels, with but little waste; and this will mean that drought will be stayed by the hand of nature, destructive floods will be no longer common, the rainfall will soak into the soil and come out through the springs, vegetation of all forms will cover the now naked hills; and those who shall be living 25 years from the beginning of this coordinating and cooperating program will see the piedmont section of Carolina one of the richest parts, if not the very richest part, of the whole world.

Land prices will be high and steady, good houses and automobiles will be found upon every farm, the small towns will prosper because they will have a prosperous back country to trade with, and the cities will prosper because both small towns and country will constitute a reservoir of wealth from which the cities may draw resources for the service that they render in the manufacture and distribution of the products of the section.

ROOSEVELT'S BUGLE CALL TO PROGRESS

This will call for rural electrification. It will mean that all these small industries and all of these modern farms will be using vast quantities of electric energy to carry on their projects. The supplying of electric power in such large quantities will justify the sale of same at lower prices. If the existing power company or companies fail to meet this reasonable demand for cheaper power when used in such large quantities, then it will be the privilege and power and duty of the people themselves to establish ways and means for obtaining cheaper power. This can be done. The message of President Roosevelt of June 8, 1934, is a clarion call to the people of the whole country, and especially, it seems to me, to the people of our section, to use the land and water—that is, the soil and water power—for the uplift, enrichment, and happiness of the people themselves. I extract these brief quotations from that message of the President. We who have been in close contact with President Roosevelt know that he does not "talk through his hat."

During the years of affliction when he was fighting disease, he was also working out in his mind and heart great plans for leading the masses of the American people into the paths of peace and prosperity and contentment. This great message of June the 8th, one of the greatest ever delivered by any President of the United States, is a promise that the President proposes to fulfill. He proposes that all the people who try to cooperate in this Nation-wide program shall enjoy security of home, security of means of living, and security by social insurance from the hazards and perils of unemployment and old age. He thus notifies the American people that he and his immediate helpers are working upon this program and will have definite plans for the consideration of the next Congress. We of the piedmont (Carolina) should be working beforehand with the President and on the same line. I rejoice in the fact of cooperating with the President in the enactment into law of some of the chief pieces of legislation setting forth the outline of the great program of recovery and the reestablishment of prosperity and happiness. One of the most important of these is the Tennessee Valley Authority. Sections 22 and 23 of that act picture the ideal of the President for the entire American Nation. He hopes to help set in motion agencies

that will bring into every nook and corner of the Nation organizations and instrumentalities for fostering an orderly and proper physical, economic, and social development of the country.

COOPERATION AMONG ALL PEOPLE AND GROUPS NECESSARY

We of upper South Carolina should begin to plan now to have a place in this great program of President Roosevelt. Our various civic bodies and chambers of commerce, and fraternal organizations, and labor unions, and farm unions, and cooperative associations, and other patriotic and civic societies should take this matter under consideration, send delegates to a section-wide convention, and begin the organization of a concrete and definite plan and program to submit to the President, and through the President, to the next Congress for carrying out a mighty ideal of development for our beautiful and promising part of the Nation. If we will do this and get in on the ground floor with something definite, I believe it will be easy to enlist the help of the President, and therefore make it possible to put through Congress such a program. We know what great blessings the people of the Tennessee Valley are beginning to enjoy because the President became interested in that section. Already nearly \$50,000,000 have been expended in power development and in carrying out plans for the improvement of the country, and especially of the people living in that area. If we lay plans such as the people of the Tennessee Valley did, if we organize as they did, if we present a solid front to the President as they did, then we too can and will obtain results.

OUR PLAN FOR MARVELOUS PROGRESS

In fact, we of the piedmont (Carolina) can present a more fascinating and attractive picture to the President than did the Tennessee Valley. I was largely influential through a period of 12 years in saving the power of Muscle Shoals and of the Tennessee River, generally, for the people. I know that others are entitled to equal or more credit; but I was at least one of those constantly on the job, as abundant records will prove. The President knows this, and I can present to him the possibilities of a more rapid demonstration of economic and social development, if applied to our section, than was possible for the Tennessee Valley. We have a more progressive population. We already have a large measure of industry. We have a most marvelous soil. We have transportation and communication lines in abundance. We have a climate unrivaled anywhere in the world. Therefore we can start now and be several jumps ahead of where the Tennessee Valley will be 10 years from now.

With the expenditure of not over \$30,000,000 covering a period of 10 years, in the construction of farm marketing centers, in the extension and enlargement of soil-erosion-control projects, in the expansion of reforestation, and in the establishment of the national forest reserves; in the multiplication of subsistence homesteads, in the payment of salaries to a sufficient number of technical leaders and advisers to carry on the diversification program in both industry and agriculture, and in the promotion of schools not only for young people but even for adults, not merely to teach the elements of the three R's, which is already being done but also to instruct the young men and young women, and adults below middle age, in the arts of canning, and of planting and cultivating fruits and vegetables for canning; in the erection and management of creameries, in the making of butter and cheeses, and in the producing of milk on the farm, involving breeding, feeding, management, and handling of milch cows in the management and operation of small packing houses for the slaughtering and manipulation of all kinds of cattle, and the putting up of the meat into suitable and attractive marketable forms, and in the production upon the farm and in the manufacture at the farm-marketing centers of products of all sorts of nuts and grains; in the production, drying, and curing of potatoes in large quantities for the local markets, as well as northern markets—all this is education of a substantial kind.

This is the kind of education that was and is being carried on in Denmark. In a period of 75 years it lifted the people of Denmark from a state of abject peasantry, of utter illiteracy, and of pitiful poverty to the point where they are now the most prosperous per capita, from an agricultural point of view, anywhere in the world. I visited Denmark in the summer of 1929 for the purpose of studying conditions at first hand. There I found people, and especially teachers, from nearly all the countries of the world. Denmark is a great object lesson in the possibilities of practical education and cooperation in the production and marketing of farm products. Seventy-five years ago those who now own the lands were miserable tenants upon the lands belonging to hereditary families. The people took charge of the government and the government declared that the people should have a chance to own the lands which they worked; the large landowners sold their lands to the government, and the government in turn cut it up into small tracts and sold it upon long terms of 20 to 40 years, at very low rates of interest, to those who wished to work it with their own hands.

Naturally, the soil of Denmark is poor. As compared with that in our section of Carolina it is miserably poor. But by their processes of cultivation, the use of clover, by abundant livestock, and by rotation of crops, they have converted that terribly poor soil into what appears to be a garden from one side of the country to the other. In every small town is what I would call a farm-marketing center. These belong to the various cooperative societies. They produce the best butter and cheese, the best hams and bacon, the best chickens, turkeys, and eggs to be found on the markets of Berlin, Paris, and London. They demand a high standard of quality, and every farmer must bring this high-quality product to the farm-marketing center; and if he does not, his product is turned back upon his hands. Consequently Danish products command the top price in the markets of the world.

Mr. Speaker, this is no idle dream. It is an effort to apply to one part of the country what the Fathers, who signed the Declaration of Independence, intended should be applied to all parts of the country. I am a Jeffersonian Democrat, not of the sort that says that government must keep its hand off of those individuals who would seek to monopolize the natural resources of the country for their own private profit. I am not the kind of Democrat that says that society is likened to a jungle where the strongest may subject the weakest to his will at any time. I draw my ideals of Jeffersonian Democracy from all of Jefferson's messages and letters and state papers, contained in 20 volumes in my library. But I hold that the supreme and controlling expression of all of Jefferson's philosophy of government is found in the Declaration of Independence, which was drafted by his own hand. In that Declaration, as the pivot around which the whole proposition revolved, we find these words:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness. That to secure these rights governments are instituted among men, deriving their just powers from the consent of the governed; that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or abolish it, and institute in its stead new government, laying its foundation on such principles, and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness.

The fathers, who fought through 7 long years to make that declaration good, believed in that truth, and many of them laid down their lives on such battlefields as Cowpens and Kings Mountain to seal their devotion to that ideal. In like manner those fathers, having the same faith, who survived the bloody struggles of the Revolution and met in Philadelphia in 1787 and formulated the framework of a Federal Government under a Federal Constitution, intended that this great Constitution should be the means of accom-

plishing the aims and ideals of the Declaration of Independence.

In the preamble to that great Constitution, those who drew it in the Convention, and those back home who ratified it in every State, declared that their purpose was "to form a more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity." Thus the Declaration of Independence, also Jefferson's great struggle to abolish the law of primogeniture in Virginia, his mighty achievement in securing the passage of the statute for religious liberty in Virginia, his negotiating the purchase of the Louisiana Territory under the implied powers of the Constitution, his last great life work in organizing the University of Virginia to set the minds of men free from every form of slavery, these are the sources from which I draw my understanding of Jeffersonian democracy; and for that reason I believe that the message of President Franklin D. Roosevelt, delivered on June 8, 1934, is in furtherance of the spirit, aim, and ideals that dominated the heart and life of Thomas Jefferson.

The following summary of objects and results that can and should be accomplished by the organization of an upper Carolina development association, in order to be ready to offer a definite program to President Roosevelt and the next Congress, is as follows:

First. More subsistence homestead projects situate near all the cities, towns, and large industrial establishments.

Second. Ample financial assistance to city and industrial workers to establish themselves on small and independent farms, with ample conveniences of light and water.

Third. Financial help to heads of families in building, rebuilding, and improving homes, whether situated in cities, towns, suburbs, or country.

Fourth. Financial aid for the establishment of new, small, and diversified industries.

Fifth. Financial assistance to small industries and business concerns to keep them going, to employ labor, and to enlarge their activities.

Sixth. More projects of demonstration in soil-erosion control and in soil building and in converting waste land into grazing land.

Seventh. Additional projects of reforestation on submarginal lands bought by the Government to be taken out of production.

Eighth. Employment and use in sufficiently large numbers of leaders and instructors in all forms of diversified agriculture, such as fruits, vegetables, milk, cattle, grain, grasses, and so forth.

Ninth. Farm marketing centers, at least one in each county, including canneries, creameries, meat processing plants, cold storage and egg and poultry assembling plants, to give a market at the top price any day in the year for anything the farmer has to sell.

Tenth. Coordination through plans and committees for cooperation between merchants, farmers, factories, schools, and all other public enterprises, to insure the highest efficiency in every enterprise and project included within the association.

Eleventh. Cheaper power, cheaper fertilizer, lower rates of interest, better prices for all products, and steady employment for all persons willing to work, even including students during vacation season, when canneries are busy.

Twelfth. Consequently, we will have for upper Carolina better schools and churches, better homes in the city, town, and country, all finally free from mortgages, and as a result of the whole program a prosperous and happy people.

OUR ANTIQUATED POOR RELIEF AND PAUPER LAWS; THE ANCIENT ATROCITIES THEY PERPETRATE—A NATIONAL PROBLEM FOR SOLUTION BY THE SEVERAL STATES

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, contemplated and suggested plans to abolish poverty, and the consideration of problems of so-called "social insurance" have again been brought forcefully to our attention by the recent message of President Roosevelt. That they should command our earnest consideration and attention cannot be gainsaid. We should realize that of all the English-speaking countries we are the most backward in the adoption of constructive care for the aged. We are definitely left in the ruck by European countries and take our place with India and China as countries who have failed to forge ahead insofar as social insurance is concerned.

There is no escape from the responsibility that rests upon us as a people. These problems must be met and a solution evolved, since they can no longer be avoided, should not be evaded. They present a Nation-wide situation, affecting every town, city, county, State, and the individual taxpayers therein. A way out should be and must be found.

NOT TO BE SOLVED BY FEDERAL STATUTE

National in scope and involvement, it is nevertheless true that they should not be solved by the enactment of Federal statutes nor the assumption by the Federal Government of the burdens they impose. Such assumption is not a proper function of the Federal Government. Such usurpation and exercise by the Federal Government of undelegated powers jeopardize the entire American plan for the protection of human freedom. Such an attempt vests unlimited governmental agents with limitless powers and proposes the enlargement of the functions of government beyond its proper purpose.

Plans for the relief of human need, suffering, and misery are wisely advocated, but to attempt to utilize the power of Federal Government as the means for the accomplishment of the end sought is to undermine the foundations on which the American structure of liberty has been reared. The age-old question may again be cogently asked, "If the foundations be destroyed, what can the righteous do?"

Venerable Samuel Williams, a Vermonter, writing in the distant year of 1794, said:

It has ever been the case that government has had an universal tendency to increase its own powers, revenues, and influence. Upon what, then, can the people depend for the support and preservation of their rights and freedom? Upon no beings or precautions under heaven but themselves. Ye people of America, behold here the precarious foundation upon which ye hold your liberties. If you should lose that spirit of industry, of economy, of knowledge and virtue, which led you to independence and empire, then, but not until then, will you lose your freedom.

This might have been written yesterday rather than 140 years ago.

The safety of America and its ideals lies in the reestablishment of our plan and theory of government, in the restoration and enforcement of constitutional limitation in government, and in forcefully resisting all attempts at unwarranted extensions of Federal power. America and Americans need a reeducation in and rededication to fundamental principles.

RESPONSIBILITY OF THE STATES

The solution of problems to which I have had reference is essentially the prerogative of the people of the several States. The responsibility is theirs, not that of the Federal Government. Those who would discard our theory of government, who would permit the unwise concentration of power in Washington, or would establish the sovereignty of government over the people, are helping in the process of disintegration, in the process of destroying their very own liberties.

Believing as I do that the solution of these questions rests primarily and essentially on the people of the several States, I have interested myself to obtain and to have compiled certain data and information with respect thereto, which I submit for your consideration.

The magnitude of the problem can no longer be minimized. Striking emphasis is added when we take cognizance of the fact that the number and proportion of aged persons in the United States have been steadily increasing.

Year	Total population	65 years and over	
		Number	Percent of total population
1870.....	38,558,371	1,153,649	3.0
1880.....	50,155,783	1,723,459	3.4
1890.....	62,622,250	2,417,288	3.8
1900.....	75,994,575	3,060,493	4.0
1910.....	91,972,266	3,949,524	4.3
1920.....	105,710,620	4,933,215	4.7
1930.....	122,775,046	6,633,805	5.4

NOTE.—U.S. Census figures.

The observations of a student of this subject tell us in forceful language that, "Despite its shifty population, the poorhouse in many of our States is a 'catch-all' institution and frequently is still the sole place of refuge for a heterogeneous group of young and old victims of misfortune. It shelters together the feeble-minded and epileptics, the cripples and imbeciles, the prostitutes and abandoned babes, the retired criminals and the wornout drunkards, the victims of loathsome diseases, and the superannuated toilers."

OUR POOR-RELIEF LAWS AND THE ANCIENT ATROCITIES THEY PERPETUATE

In January of the coming year the State legislatures of 44 of the 48 States will be in session. At this time one of the most important problems facing them will be the modernization of some of their obsolete poor-relief laws. Those good citizens of your States and of my own State of Vermont who, through no fault of their own, now find themselves dependent upon outside aid to provide the necessities of life are some of the finest people in the United States. Penniless amid great plenty, they are in no way paupers in the old sense of the word. To have nothing is not poverty. In reviewing the poor-relief laws which now exist in the various States I have been astounded to discover how little cognizance is taken of changing social conditions, and I am taking the opportunity of bringing this situation to the attention of the Congress, with the earnest plea that you use your influence to bring about a modernization of the poor-relief laws in each of your States. The laws which now exist in some of our States are a positive disgrace in this day and age. "Poverty is shunned and persecuted all over the globe."

Poor relief laws, whether called "pauper laws", "support of the poor", "poor laws", or by newer terminology, have one thing in common—they are generally poor laws, in another sense. Most of them are survivals of the oxcart period. Few changes in poor relief statutes have been made. "The poor laws of most of our States are practically modeled after the ancient English poor law system which has undergone considerable changes in the mother country. Their language, in many of our States, is almost identical with that of the Elizabethan poor law of 1601. The entire plan was brought over to this continent by the early English settlers and after nearly 300 years remains practically unchanged", says Abraham Epstein in his monograph, *Old Age Security*. Instead, new statutes have provided special forms of relief, such as mothers' aid, old-age pensions, and blind pensions much more in harmony with modern social work, with special machinery set up for administration usually without relationship to the older poor laws. The question whether poor relief statutes should be repealed and new laws enacted, or whether they should be amended to the extent of bringing about fundamental changes, is of immediate interest.

The burden of relief that has resulted from wide-spread unemployment has focused attention on the existing situation and makes this a very fitting time to consider change of name, codification of law, and the development of a unified administrative organization for all forms of direct assistance. This is desirable from the standpoint of those who will require assistance and the taxpayer also, who is entitled to effective and economical administration instead of a myriad of overlapping and duplicating agencies.

Local government responsibility for public assistance is incorporated in the old poor laws, with townships or counties usually responsible for administration. Antiquated

settlement laws are also involved in this ineffective system, which has resulted in poor standards for both administration and relief. Few States have provided any effective machinery for State supervision, if such there should be, of either indoor or outdoor relief, and State financial responsibility has been limited to a few States, and even there to the care of the State poor who have no settlement locally.

The old terms "pauper" and "poor law" are the rule, and modern terminology such as "public assistance law" or "public welfare law" the exception. Many questions are involved in making the desired fundamental changes in the present laws, some of which definitely require a knowledge of present practice in order to determine what should be the desirable principles to incorporate in new public assistance laws. With this in mind, and because of the present interest in the subject, I am taking the liberty of bringing to your attention some of the most glaring deficiencies reported to me as existing in these laws in the several States.

LIMITATION OF SUFFRAGE

In 13 States the laws provide that those receiving public aid shall be deprived of their rights as citizens. These States are: Delaware, Louisiana, Maine, Massachusetts, Missouri, New Hampshire, New Jersey, Oklahoma, Rhode Island, South Carolina, Texas, Virginia, and West Virginia.

The legal provisions limiting their suffrage are as follows:

DELAWARE

No pauper shall enjoy the right of an elector (constitution, art. 5, sec. 2). (See also Laws 1925, ch. 106, sec. 9 (VII).)

LOUISIANA

The following persons shall not be permitted to register, vote, or hold office or appointment of honor, trust, or profit in this State, to wit: * * * those who are inmates of any charitable institution. * * * (constitution, art. 8, sec. 6).

MAINE

Paupers are not allowed to vote (constitution, art. 44, sec. 1, as amended).

MASSACHUSETTS

Paupers are disqualified as voters (Gen. Laws 1932, ch. 51, sec. 1, constitution, amended, III).

MISSOURI

No person, while kept in any poorhouse at public expense * * * shall be entitled to vote (constitution, art. 8, sec. 2).

NEW HAMPSHIRE

Paupers (defined for this purpose as those assisted within 90 days prior to the meeting in which they claim the right to vote) do not have the right to vote in the town meeting (ch. 23, secs. 1, 2. (See constitution, art. 28.))

NEW JERSEY

No pauper shall enjoy the right of an elector (Comp. Stat. 1910, constitution, art. II, sec. 1).

OKLAHOMA

No person, while being kept in a poorhouse or other asylum at public expense * * * shall be entitled to vote at any election under the laws of the State (Stats. 1931, constitution, art. 3, sec. 1).

RHODE ISLAND

Paupers are not allowed to register or vote (constitution, art. II, sec. 4).

SOUTH CAROLINA

Paupers are disqualified from voting (constitution, art. 2, sec. 6).

TEXAS

Paupers supported by the county are not allowed to vote (art. 2954).

VIRGINIA

Paupers are excluded from registering and voting (constitution, art. 2, sec. 23).

WEST VIRGINIA

Paupers are disqualified as voters (constitution, art. 4, sec. 1).

These ancient survivals have no justification under present-day conditions. In these days if we were to recognize the principle that those who are recipients of public aid in one form or another should be disfranchised, we could abolish Congress and hold a town meeting here in Washington of the few stray souls who alone of all the people in these United States would be entitled to vote.

THE POOR ON THE AUCTION BLOCK

Even more archaic than the restriction upon suffrage are those which permit, and in some States require, the counties to put the poor up for auction and sell them "down the

river" to the lowest bidder. We can scarcely believe that such a situation still exists, but let me read you some of the present State laws in many cases now being enforced.

ARIZONA

The county board of supervisors must "let the care of indigents of the county, including medical attendance, medicine, food, lodging, clothing, and other supplies, to the best responsible bidder" (sec. 811, as amended, Laws, 1929, ch. 33; secs. 81, 817).

ARKANSAS

Where no poorhouse is established, the county court, after published or public notice, may annually let out the poor to the lowest responsible bidder, under his bond, who must contract to house, clothe, feed, and furnish medicine and medical attendance to all persons placed in his charge by such court. Counties are not to be liable for the support of any pauper who may refuse to accept county aid in the manner here provided (sec. 8158).

IDAHO

The board of county commissioners may contract for the care and maintenance of the indigent sick or other dependent poor (sec. 30-2901).

ILLINOIS

Where there is no poorhouse the support of the poor may be let out on contract by the overseers of the poor (ch. 107, sec. 21).

IOWA

The board of supervisors may make a contract with the lowest responsible bidder for the support of any or all the poor of the county for 1 year at a time (sec. 5334).

MAINE

Persons chargeable to the town shall not be "set up and bid off at auction", either for support or service, but the town at their annual meeting may contract for the support of the poor for a term not exceeding 5 years (sec. 11). Overseers may set to work or by deed bind to service upon reasonable terms for a term not exceeding 1 year persons having settlement in the town or having none in the State, upward of 21 years, having no means of support, and living idly; and all persons liable to be sent to the house of correction (sec. 20).

OHIO

When more than temporary relief is required, the support of such persons must be let under contract to a "suitable" person for not more than 1 year (secs. 3488-3489).

OKLAHOMA

In counties where there is no poorhouse, the overseer must contract for the support of the poor yearly (sec. 7557).

MONTANA

The board may let out the support of the poor under contract to the lowest responsible bidder annually (secs. 4525, 4526, as amended laws 1933, ch. 50, sec. 4528).

SOUTH DAKOTA

In counties where no poorhouse is established, it is the duty of the commissioners to contract for the maintenance of the poor (sec. 10040).

TENNESSEE

The county court may let out the support of the poor with the use of the poorhouse and farm for a period not exceeding 3 years, or may contract for the support of any or all of the poor for a period not exceeding 1 year (secs. 4816-4817).

WASHINGTON

The board of county commissioners may contract for the necessary maintenance of the poor or appoint such agents as they may deem necessary. They may establish and maintain a workhouse and make regulations for its management (secs. 9984, 9991).

WYOMING

They may make contracts for the necessary maintenance of the poor or appoint the necessary agents (secs. 29-1202).

Other State laws deprive the unfortunate of the dignity of living in their own homes, even though they must receive aid. In Indiana, for example, the poor laws provide:

All persons who become permanent charges on the county must be removed to such asylum (sec. 12298). It is the duty of the overseers of the poor and superintendents of county asylums to bind out such poor children as fall under their care (sec. 12307).

A Michigan law provides:

All permanent charges must be maintained in the county infirmary (sec. 8236).

A New Jersey law provides:

Those requiring permanent relief shall be committed to the almshouse or welfare house (secs. 161, 162).

A South Dakota law provides:

All permanent charges on the county must be maintained in the poorhouse when established (sec. 10057).

BREAK-UP OF HOMES

In some States we have the spectacle of aged people being committed to State hospitals for the insane merely to save

the counties the expense of their keep. This fate is what the unfortunate in some States may look forward to instead of an honorable and respected old age. Present State laws which permit counties to shift the cost of the dependent to the State by committing them to State institutions for the defective and delinquent have no place in modern society. As long as such laws prevail we will continue to have, also, the spectacle of little children committed to reformatories and other State correctional institutions merely to relieve localities of the expense of their care.

Modern social ideals emphasize the importance of keeping families together in their own homes, but in a number of States vicious poor laws are resulting in the needless breaking up of families and in the stunting of child lives away from family influence in order that children may be supported in State institutions and thus relieve the counties of the cost of mothers' aid.

For the collection and compilation of the material which I have presented I am indebted to the American Public Welfare Association, whose representatives are in touch with public-welfare legislation in every State throughout the country. Their advisory and consultant services are available gratis to any Congressman or other public official who is genuinely interested in welfare legislation.

I bring these laws to your attention, not with the desire to disparage the provisions for the care of the unfortunate in any State but because I sincerely believe that you should know about these things. I believe that the time has come when a fundamental change in our State laws should take place. I know of no group of men who can be more influential and effective in this work than you, my colleagues.

CONGRESS WILLIAM W. HASTINGS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, it is a very common thing for us to say when a Member retires that his place will be hard to fill. In all my experience here I do not recall any Member to whom this is so eminently applicable as in the case of our retiring colleague from Oklahoma.

For many years Congressman Charles D. Carter, of Oklahoma, and our colleague were our guardians of everything pertaining to the Indians throughout the United States; and since the retirement of Mr. Carter, 8 years ago, this very great responsibility has devolved upon Mr. Hastings of Oklahoma. He has been our never-failing guide upon the thousands of questions that arise pertaining to the Indians. He has known the Indians from his birth. He is absolutely honest and absolutely fair. He thoroughly knows what is right between our Government and the something like a hundred different tribes of Indians. No one can ever estimate the value of his painstaking, industrious, and conscientious services to our country and to the American Indians. Many of us have Indian constituents, but no one in this House can at all take his place.

Trusting the House will pardon a personal reference, I speak from intimate knowledge of this matter, because as members of the Interior Department appropriation subcommittee, handling all the funds that go to the Indians and all the thousands of other matters coming under the Interior Department, from the Arctic Circle to the Equator, he and I have been closely and constantly associated together for many years. He is one of the very highest type of representative in Congress. He has character, good judgment, very exceptional efficiency, energy, and a world of personal knowledge and actual experience.

It is really with profound sadness that I realize that from now on neither our country, nor the House, nor that committee will have the incalculable benefit of his services. It is really a tremendous loss. I predict that the future historians of the Red Man will place the name of Congressman WILLIAM W. HASTINGS along with that great Cherokee Indian Sequoyah as one of the greatest real friends and benefactors that the American Indians have ever had. [Applause.]

But that is only one of his many activities. He has always been an alert and hard-working Member of this House along a wide field of activities, and it is with the greatest regret that we older Members learn of his retiring from this body. We all certainly wish him many years of happiness and success. He has served his country nobly and well. He has been an honor to Oklahoma and to this House. He has manfully played the game of life on the square. We are all genuinely proud of him and we reluctantly bid him an affectionate good-bye and godspeed. [Applause.]

ON OUR WAY; BUT WHERE?—100,000,000 PEOPLE OUGHT TO KNOW

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNELL. Mr. Speaker, the first session of this Congress and the second, which now draws to a close, have conferred upon an American President and, I may add, upon a multitude of officials, corporals to generals—but all with authority, more powers and control over the destinies of the American people than were even conferred upon President Lincoln in the battle to preserve our Republic, or upon President Wilson for our part in the greatest war of all history.

We have all done our best in this session of Congress to aid in a tremendous necessity of recovery from a great depression. He indeed must be low in courage or ignoble in motive who, as a Member of this Congress, has not made a sincere effort to do his share.

Our duty here, particularly at this time, is to give every facility to the administration to meet the dire necessities of our people, yet we are equally here to exercise our judgment in seeking to modify or prevent the passage of measures which we may not honestly regard as sensible or which we may look upon as inimical to the interests of our country.

I wish to submit that it has been unfair, unjust, and even unwise to have applied to men of substance, sincerely striving to do their share, epithets such as "traitors", "scribes", "Pharisees", "demagogues", "nation wreckers", or "public enemies", scourging those who have dared to raise their voices in honest criticism of measures which affect so directly the destinies of 130,000,000 people. Those who have dared to criticize have been castigated because they offer a criticism without accompanying it with a "constructive alternative."

Where one body of men is doing all the planning and retains all the power of execution, it is neither incorrect nor is it misleading to say that any criticism which may help to avert or correct destructive measures, whether it be by a business man or just a plain Republican, is in itself constructive. It is a "constructive alternative" to prevent destructive acts. Perhaps some politically minded Members of this august body would prefer to have those who oppose blind acceptance of legislative emanations of experienced young zealots sit back in their seats and do nothing and say nothing, but that is not why we are sent to Congress, and we do not have to defend our criticism before reasonable people.

Our memories must indeed be short if we so soon forget the "wolf, wolf!" heard so often from our soldier-salvationist, General Johnson. Are his wolves real, or are they poodles stuffed with sawdust?

Perhaps some of us may suffer reproach in 1936 or 1937, if by then the country has gone completely to the bowwows, why we did not speak out and give some word of warning.

In the first session of this Congress the social experimentation of the "new deal" took form in a number of sweeping legislative measures. In this second session Congress, the press and the people have been inundated with a perfect flood of new and complicated power-broadening measures. Some of them are worthy reforms which transcend political or sectional lines. Some of them attempt assistance to certain classes of population at the direct expense of other equally large classes. Some of them are designed to have the Government regulate the activities of certain kinds of

individuals who committed the crime of having a "profit motive." Others appropriate sums of money for relief, public works, and other extraordinary spendings on a scale far more vast than that ever attempted by any government in the whole history of the world. Others confer, or would confer, upon one man or his appointees the powers that are fundamental in the modern world—powers of currency manipulation, control of trade, credit, banking, investments, and dealings in securities or commodities. Others, again, are manifestly to put into irrevocable experiment social, if not socialistic, theories. Still others are merely stop-gaps or the fulminations of the mind of some social theorist who cannot quite explain his theories so they are understood by people of ordinary intelligence.

No one man, even be he of highest intelligence and be he able to spend his whole time studying all these legislative measures of the first session, as they have been prolonged and extended in the second session, would be able to achieve even a fair understanding of the social and economic implications of all these bills. It is doubtful, indeed, if any one man has even read them all in any analytical way.

In addition, and in the meantime, the various administrative agencies of the Government, with new commissions, corporations, boards, committees, and authorities, have been whirling about in concentric circles, intensely engaged in attempts to carry into effect the powers and mandates conferred in the new laws which passed during the first session. If any one man tried to keep track of their activities as well, he would find himself soon scheduled for a prolonged stay in the sanitarium.

The object of my remarks today is to attempt to impress upon the Members of Congress, as well as on their constituents, the great mistake that we will make if we consider our duty done with the passage of these laws or that we have completed our duty in offering such resistance as we severally may have to their passage. I would state that I consider it our most serious duty to familiarize ourselves with all of the important measures passed by this Congress and particularly to keep track of the manner in which they are administered and closely to watch the actions carried out under the powers they confer.

The time for blind acceptance of experimental measures has passed. The time for critical supervision of the acts of the administrators has come.

Are the reforms enabled by these laws to be put into effect by a motley group of social reformers who have records of little previous practical achievement, hurrying and scurrying about molding the conditions of human existence under the vague and inchoate ideals of abundance in a workless life? Is the mere passage of a law, followed by the fanfare of trumpets of innumerable publicity agents, to mislead us into believing that regardless of common-sense principles developed down through the ages that happy days are here forever if we only try anything once? Are these vast projects to make Americans "larger, brighter, gayer, and better-looking"—in the words of one "new dealer", a former "expert on wind vibration in high buildings"—as soon as we recognize the profundity of his statements that "everything we were taught in school is exactly wrong, truth is no longer a virtue, saving for a rainy day makes it rain all the harder"?

Are we to avoid facing realities because another, formerly an expert in the study of the habits of plant lice, shows us the way to get around realities? As the summer and fall pass behind us, are we going to see vestiges of business recovery of a common-sense order, along the lines we used to think of as normal before having been subjected to the dazzling hypnotism of a new intellectual order—or are we to get dizzy trying to follow frantic efforts first in this direction, then in that, dropping one measure after another, trying still more experiments, and then come back to Congress in 1935 to again be swamped with another avalanche of emergency legislation?

It behooves us to keep most careful track of these fervid mystic guides to the promised land way up high above the

clouds. I sincerely hope that our precocious young "brain trusters" will lay off thinking up new legislation during the summer and will apply their extraordinary qualities to actually trying out some of these laws, so we can get some idea what they are going to do for us. I hope that they will not find too many of them unworkable at all, or, if they do, they will find it out before more machinery is smashed. Anyway, we are tired of emergency legislation. We are glad not to have to keep worrying for a while about weird legislative experiments which we know are going to be passed anyway with or without debate or with or without our "yea" or "nay."

PLANNED ECONOMY OR ECONOMIC PLANNING?

For many years I have been stumbling around in the dark trying to get some lucid idea of what is this planned economy. The papers have been full of it. After studiously perusing Mr. Tugwell's words of wisdom, I confess I am not much better off. I do understand, from an address of his before the American Society of Editors, that the new deal does not stand for communism, socialism, or fascism and that there is no regimentation, but that instead the new deal is trying with might and main to strengthen the democratic process in place of what he called the "industrial regimentation" of the past. I confess with some difficulty I try to discover the details of how the new deal is going about its job of breaking up individualistic control of industry and finance, but can only assume from his remarks that somehow by some method some Government agency is undertaking this task. Maybe he means that the cumulative powers of the N.R.A., A.A.A., Securities Act, Stock Exchange Control Act, Bankhead Cotton Act, T.V.A.—and I do not know how many other laws—are consciously being applied to getting private business out of business and putting the Government in. But he elsewhere denies that he favors economic planning. In the Senate committee he said:

I believe in the kind of planning we are doing now, but not in a planned economy, which is best defined by reference to the Russian system.

In another place he wrote:

The experiments commenced in 1933 in the United States are worth-while beginnings—they are not economic planning, but they afford new opportunities for working out plans.

I am ashamed that I do not understand these statements.

On the stand Dr. Tugwell states as between the Constitution and the ideal of planning there would be inconsistency "if we are going to have a planned economy * * * but I do not favor it." Before coming to Washington Professor Tugwell had said, "The challenge of Russia to America does not lie in the merits of the soviet system, although they may prove to be considerable. The challenge lies in the idea of planning, of purposeful, intelligent control over economic affairs. This, it seems, we must accept as a guide to our economic life to replace the decade of notions of laissez faire." In the hearing Dr. Tugwell declared himself to be "as much an advocate of decentralization as anybody could be." I confess inability to reconcile that with another statement of Professor Tugwell that "few intelligent people doubt that dependency to intrust more and more activities to the Government will continue to grow. We should recognize the advantages of the new trend * * *." The doctor at one point rather plaintively queries, "Why is it that my word cannot be accepted?"

I do not say or even impute that it would be a disgrace for a professor to advocate economic planning. They ought to, with no feeling of shame. I just wonder how we can find out what these things mean if the professors will not explain them so that ordinary people can understand.

In my searches to discover planned economy, or economic planning, or Government planning, or whatever you want to call it, I have had a faint glimmering that if the Government wanted to do some coordinated planning it might in normal times do it by calling a Cabinet meeting, perhaps with a special invitation to the Director of the Budget. I admit that might not quite work out now. It would be a

convention rather than a conference if all the alphabetical agency heads were there. A mere Cabinet meeting would not be nearly enough, for Cabinet members cannot be blamed if they are not thoroughly aware of exactly what the alphabetical agencies are doing.

We have heard of a National Emergency Council organized to coordinate all these things. Congress or the people would be interested in the coordination of the national plan. What has N.E.C. coordinated?

In spite of all our fine reform measures, will we be blamed if during the summer we wonder how many millions will be unemployed next winter? Some expect there to be almost as many millions as last winter, but this seems like blasphemy in the presence of "new dealers" promises to carve out of the jungle of a world depression an economic paradise, protected against the wicked natural elements of business by a camouflaged roof of planned economy, landscaped with regimented hedges and subsistence factories producing rum and streamlined post-office furniture, tended by an army of gardeners recruited from a legion of "ism" schools of sociology, and fertilized by generous spreadings of public-relations propaganda.

May we not, in fact, soon suspect that the ukases which govern life in such a Pollyanna paradise will, instead of being signed by some such name as Rex Tugwell, bear some such as Tugwell, Rex?

GOVERNMENT REGULATION OF BUSINESS AFFAIRS

Federal regulation in its spreading out to major activities of the country in the short space of slightly more than a year has accomplished rather surprising results. The regulation of the farmers under the A.A.A. has given them higher prices with which to pay for even higher prices of goods they need produced under the N.R.A. The workers may have joyously found higher wages under the N.R.A., but when they have gone to their stores have slightly lost enthusiasm because of the even higher prices they have had to pay for necessities produced under the N.R.A. and the A.A.A.

Of course, the monetary policy has been aimed to keep a jump ahead of these differentials, and in some respects it has. At times the statistics show a paper recovery, immediately and quite effectively released to the press to be blazoned under exaggerated headlines for popular consumption.

Everyone feels very much encouraged, but those who look beyond the headlines "unpatriotically" wonder how long the jockeying of one price element against another can go on before another inflation of currency will have to be introduced to readjust the unequal advances of economic planning.

Raise industrial prices by raise of wages to increase workers' purchasing power. Curtail food production to give the farmer more income to pay higher prices for other commodities. If in this manipulation either the farmer or the worker has to pay proportionately more for his necessities, lower the value of money so all prices will go up and while they go up we will all be happy and gay reading of the miracles to happen.

When individual bankruptcy occurs, do not fear—the Federal Government will take over the mortgages, tell the courts to disregard the creditors, or assume the principal of the debt as the only "honorable" thing to do, and then we start all over again.

Of course, the man who lent the money or who bought the stock in a mortgage bank has something to think about, but that is about all he can do. The man who lent the money is largely someone who has thus invested small savings, simple people who seek to protect their old age by taking out insurance, investing in "rock-solid" mortgage-loan companies, or trustingly putting their money into savings banks.

Let us draw the curtain over this distressful scene, as Mark Twain once so descriptively said, as we drive the money changers out of the temple. While staging this dramatic act, secure in righteous moral virtue, we need not

stop the noble work to think of the selfishness of the small investor who constitutes the majority of stockholders in American corporations.

Presumably when their investments are gone they may engage in subsistence-farming homesteads on the bounty of the Government, or perhaps they may apply to the authorities for employment on made work. These are happy solutions. They will not feel they are getting something for nothing. They will feel glorified to have contributed to the upbuilding of a new order by performing useful work, by doing their share.

Planned economy, in short, possibly means that the people no longer need suffer from the mental worry of deciding what they will produce, whether it be hogs, or corn, steel, woven materials, cotton, or shoes. A beneficent Government in Washington has set up large offices of experts, administrators, deputy administrators, assistant experts, clerks, and typists, equipped with charts, adding machines, and slide rules, to decide these things for us all. They really mean business, too, for he who violates the code risks the penalty of heavy fines or jail sentences.

It is old-fashioned and reactionary to think the public is better off under a free economic system with industry elastically regulated under antitrust and other laws. The more abundant life can only be attained by compulsory labor unions, Government-fostered trusts, production restriction by edict, compulsory price-fixing, and new departmental rules coming out daily from a host of bureaus.

Business men who claim no affiliation whatever with Wall Street have said that the stock-exchange control bill sets up prying control over all business. They should beware! Their secret motive may be discovered. We are only just a pawn in a scheme of systematic propaganda engineered by the naughty men in Wall Street.

One of the wicked brokerage firms in New York took the pains of putting a large advertisement in a Washington paper, reprinting the Declaration of Independence, "because legislative and administrative tendencies in Washington suggest that too few of our elective representatives are familiar with the principles enunciated in the Declaration of Independence; and second, because it seemed truly to offer contradiction to the apparent "new deal" philosophy that engaging in business for a profit is unlawful; that criticism of administration policies is "lese majeste" and that all protests against intolerant legislation are motivated by greed and selfishness.

In accord with the rules of the New York Stock Exchange, its business-conduct committee had first to approve the advertisement. It might be interesting to look forward to a time when some Federal securities exchange committee could exercise its powers to protect the people by not permitting publication of such insidious propaganda.

THE THEORIES BEHIND THE POLICIES

If a government insists on introducing an extended series of extraordinary innovations touching every phase of the life of its citizens, but would not wish them to be subject to wide public discussion, then the only alternative would be to make its program so punitive as to squash and squelch by strict censorship and persecution all who dared to speak their thoughts.

We might even think, if we were not too reactionary, that the conscious molding of public opinion could be attempted to the extent of adopting repressive measures of censorship and intimidation. Other countries have done it: Spain during the Inquisition, Russia under the Czar and under the Bolsheviks, Germany under Hitler, Italy under Mussolini, and many South American revolutionary governments. Why should it be unthinkable that it be applied to free-thinking and free-acting America in this new enlightened age?

We indeed must have courage to be so improper as to ask that we be informed fully on just what actions the administration is taking on these many measures that have just been passed by this Congress. Would it be presumptuous to ask whether specific administrative measures permitted

under these acts are to be invoked because of abnormal conditions of emergency, or as part of a social and political reform program? In the latter case are we exceeding our prerogatives as legislators and citizens if we inquire just what that social and political reform program is in each specific case? Are we disloyal to expect a Democratic and elective government to explain novel experiments by giving reasons on which they are predicated and which have not yet been disclosed? Could we ask that the language of such explanation be not clouded with classroom ideology, that we not be answered with invective, or threatened tacitly or openly with cracking down on the questioner or the critic?

How foolhardy and misplaced courage was it for the editors of the Washington Herald to say:

We trust we shall not be accused of prying with profane eyes into the recesses of policy. Such reverence for our governors can hardly be expected of Americans.

GROWTH OF GOVERNMENT BUREAUCRACY

No one need to presume to be a spokesman for the Democratic Party by expressing sympathy with the mental dilemmas and uncertainties which a great many Democrats are now undergoing. Has it not been a constant principle on the part of Democrats for years, nay generations, to fight against tendencies toward growth of Federal commissions, bureaus, control agencies, and meddling officeholders? In the face of the bewildering array of new alphabetical agencies established to carry out the extension of Federal powers over business, trade, and production, many Democrats wander around bewildered in search of lost traditions.

Having formed habits of thought from lifelong inculcations of Democratic opposition to the intrusion of government into private business, is it any wonder that many Democrats find themselves in a haze of bewildered wanderings in search of justification for the control established in new government powers in such an array as is laid before us? In the coming months will not the search for Democratic Party principles by those Democrats throughout the country who are not clairvoyant seers into transcendental political concepts become more and more confused in contemplation of what Congress and a Democratic administration have proposed, permitted, or actually carried out?

Perhaps we may list a few:

Stratification of industry under the N.R.A. controlling by sanctions and supervision limitation of production, setting of wages, and fixing of prices.

Divesting Congress of its constitutional authority to appropriate money and direct its use in the Public Works section of N.R.A.

Creation of two bureaus where but one existed before without reference to the civil-service rules, many of them directly competing with private enterprise.

Delegation to the Executive of the power of Congress "to coin money" and "to fix the value thereof" in the Thomas inflation amendment to the Agricultural Adjustment Act and the Gold Reserve Act.

Power to levy taxes and to make treaties without the advice and consent of the Senate in the Reciprocal Tariff Act.

Concentration of Federal authority over production and socialistic control of private enterprise in the Agricultural Adjustment Administration.

Placing an agricultural product under absolute political control in the Cotton Control Act.

Prohibiting any individual from holding gold under penalty of seizure and fine, in the Gold Reserve Act.

Establishment of a highly developed State capitalism in the Muscle Shoals Act in which the Government goes directly into the fertilizer business, holds power of expropriation of private investors' and insurance companies' capital in public utilities, and deprives investors of their rights to inventions.

Powers of a Government corporation to run all the business of the Virgin Islands.

Unrestricted power to spend given the Executive through the Civil Works Administration.

Government assumption of weak investments in which it can nationalize property and become an absentee landlord or factory owner, powers to impair moral validity of all contractual obligations, powers to confiscate savings and enter into State capitalism through one or another of the R.F.C., A.A.A., Emergency Farm Mortgage Act, Home Owners' Loan Act, Emergency Banking Act, and so forth.

Conferring wide powers on a Federal commission over internal management of American industry by the Securities Act and the Exchange Control Act.

Practically dictatorial authority over a key industry in the Emergency Railroad Transportation Act.

Potential rights of censorship of a vast means of transmitting news and exchanging opinion—the radio—in the Communications Control Act.

Powers of Government entry into real-estate-finance business, providing Federal insurance for building-and-loan associations, and lending money for home renovation and repair.

A law further intruding the Government into private banking by authorizing the Federal Reserve banks and the R.F.C. to lend money to industrial concerns.

Power of the Treasury to nationalize silver as part of our monetary system, with permissive right to alter the base of our currency.

Control of sugar production by which great industries in continental United States and in insular possessions may be subjected to administrative decree.

Relaxation of bankruptcy laws by which all creditors in farm bankruptcy may be swept aside, scrapping a long-established principle, and taking a long step toward cancellation of all obligations.

Would it be treasonable to quote an eminent Democrat, John W. Davis, once the party's choice for the Presidency, speaking this year of Government control and policies of the present administration?

Is it conceivable that American farmers or American citizens will submit to that sort of thing? Are they ready to support the army of Government agents, employees, inspectors, reporters, and spies that would be used to carry it on? Have they not enough of these already? Are they willing to bow their necks to the flood of rules, regulations, proclamations, and edicts that would be issued in order to fit their daily lives and conduct to the prescribed system * * *?

If there are to be orders, someone must give them. Without impugning the high purpose and integrity of the great majority of our public servants, are we so sure of their constant wisdom, their disinterestedness, their ability to resist temptation, their freedom from political influences that we are willing to trust them with unlimited power * * *?

Ever since the blow fell we have been looking for scapegoats and hoping for short cuts to recovery. I much doubt that we shall find either the one or the other. I do not look for miracles to save us, or hope for gold at the foot of the rainbow. I have more faith in the prosaic process of following paths marked out by reason, common sense, and the past experience of mankind.

Let not any of these words be taken as hostility to the President. His excessive labors deserve the highest admiration and help. Nor should they be taken as lacking in appreciation of the earnest endeavors of countless administration members who work night and day to the accomplishment of their tasks. All I wish humbly to suggest in conclusion is that the Government of the United States might wait until times are less critical before turning it into an intermediate training school for social theorists, and to postpone, or keep separate from the urgent practical necessities of the times, laboratory experiments that hold the dangers of blowing up the works at almost any moment.

TRAFFIC IN CONTAINERS OF DISTILLED SPIRITS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the present consideration of the joint resolution (H.J.Res. 370) to protect the revenue by regulation of the traffic in containers of distilled spirits.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, what does this provide?

Mr. DOUGHTON. This is a bill that came from the Treasury Department with respect to better enforcement of the prohibition law and the collection of the internal-reve-

nue tax on distilled spirits. The committee unanimously reported the resolution.

The Clerk read the title of the joint resolution.

Mr. CELLER. Mr. Speaker, reserving the right to object, I should like to have an explanation of the bill. May I ask the chairman if this applies to various dealers and manufacturers and prescribes penalties for violations of permits?

Mr. DOUGHTON. As I understand, the bill applies to containers and those who deal in illicit liquor and purchase standard brands of containers, including those that are labeled on the bottle, and then they deceive the purchaser and lead him to believe he is purchasing tax-paid liquor, when the fact of the matter is he is purchasing liquor on which the tax has not been paid.

Mr. JENKINS of Ohio. This is the bill that is called the "bottle bill"?

Mr. CELLER. Yes; but there is more than the bottle involved in this bill. The permits are involved; and as I read it very cursorily, this is going back to the obnoxious regulations we had during prohibition, and I think the matter ought to be considered more carefully.

Mr. COOPER of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER of Tennessee. This is a bill sent up by the Treasury Department and urgently requested as being necessary to protect the revenue of the Government.

Mr. CELLER. I know the Treasury Department, and I have great confidence in it, but the Treasury Department has been working hand in glove with the Federal Alcohol Control Administration; and my information, only as late as yesterday, is that Mr. Choate and his colleagues on the F.A.C.A. have devised a scheme—

Mr. RANKIN. Mr. Speaker, I ask for the regular order. It is now 6:30 o'clock, and I do not care to listen to a wet speech.

Mr. CELLER. I am not making a wet speech.

Mr. RANKIN. The gentleman is not giving any information or asking for it.

Mr. CELLER. I object.

TO AMEND SETTLEMENT OF WAR CLAIMS ACT OF 1928

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 365, to amend the Settlement of War Claims Act of 1928, as amended.

The Clerk read the bill, as follows:

Whereas the joint resolution of the Congress of the United States, approved July 2, 1921, provides in part as follows:

"Sec. 5. All property of the Imperial German Government, or its successor or successors, and of all German nationals, which was, on April 6, 1917, in or has since that date come into the possession or under control of, or has been the subject of a demand by the United States of America or of any of its officers, agents, or employees, from any source or by any agency whatsoever, * * * shall be retained by the United States of America and no disposition thereof made, except as shall have been heretofore or specifically hereafter shall be provided by law until such time as the Imperial German Government * * * shall have * * * made suitable provision for the satisfaction of all claims against said [Government] * * *, of all persons, where-soever domiciled, who owe permanent allegiance to the United States of America and who have suffered, through the acts of the Imperial German Government, or its agents * * * since July 31, 1914, loss, damage, or injury to their persons or property, directly or indirectly, whether through the ownership of shares of stock in German, * * *, American, or other corporations, or in consequence of hostilities or of any operations of war, or otherwise * * *."

Whereas the treaty between the United States and Germany of August 25, 1921, incorporated said provision of such joint resolution and also provided in article I thereof as follows:

"Germany undertakes to accord to the United States and the United States shall have and enjoy, all the rights, privileges, indemnities, reparations, or advantages specified in the aforesaid joint resolution of the Congress of the United States of July 2, 1921, including all the rights and advantages stipulated for the benefit of the United States in the Treaty of Versailles which the United States shall fully enjoy notwithstanding the fact that such treaty has not been ratified by the United States"; and

Whereas by the agreement of August 10, 1922, between Germany and the United States, a Mixed Claims Commission was estab-

lished to adjudicate claims of American nationals against Germany arising out of the World War; and

Whereas under the terms of the debt-funding agreement between Germany and the United States dated June 23, 1930, Germany agreed to pay to the United States in satisfaction of Germany's obligations remaining on account of awards, including interest thereon, entered and to be entered by the Mixed Claims Commission, United States and Germany, the sum of 40,800,000 reichsmarks for the period September 1, 1929, to March 31, 1930, and the sum of 40,800,000 reichsmarks per annum from April 1, 1930, to March 31, 1931; and

Whereas Germany is now in arrears in payments due under said debt-funding agreement between Germany and the United States, and has, accordingly, failed to make suitable provision for the satisfaction of the said claims against Germany: Now, therefore, be it

Resolved, etc., That so long as Germany is in arrears in any payments of principal or interest, including interest at the rate of 5 percent per annum on principal installments not paid when due, under the debt-funding agreement between Germany and the United States, dated June 23, 1930, with respect to Germany's obligations remaining on account of awards, including interest thereon, entered and to be entered by the Mixed Claims Commission, United States and Germany, any or all payments, conveyances, transfers, or deliveries of money or property or the income, issues, profits, and/or avails thereof authorized or directed to be made under the Trading with the Enemy Act, as amended, or the Settlement of War Claims Act of 1928, as amended, whether or not a judgment or decree has been entered with respect thereto, shall be postponed and the money or property, or the income, issues, profits, and/or avails thereof reserved: *Provided, however,* That such of the funds as are from time to time available (without taking into consideration interest thereafter accruing) under the Settlement of War Claims Act of 1928, as amended, for the payment of principal and interest upon awards of said Mixed Claims Commission shall be applied when available to the payment of principal and interest upon such awards in the same manner and to the same extent as though certain of the payments provided for in said act had not been postponed under this resolution: *Provided further,* That the President may, in his sole discretion, remove the restriction as to any of the cases or classes of cases in relation to which payments, conveyances, transfers, or deliveries have been postponed: *And provided further,* That the action of the President in determining the period or periods in which Germany is in arrears in the payments hereinbefore described shall not be subject to judicial review.

With the following committee amendments:

Page 4, line 14, after the word "postpone", insert the words "under this resolution: *And provided further.*"

On page 4, line 15, after the word "that", strike out the words "the action of the President in determining the period or periods in which Germany is in arrears in the payment hereinbefore described shall not be subject to judicial review" and insert the following: "The President is authorized to determine for the purpose of this resolution the period or periods in which Germany is in arrears in the payment hereinbefore described and in the determination thereof shall not be subject to judicial review."

The SPEAKER. Is there objection?

Mr. JENKINS of Ohio. Reserving the right to object, I want to ask the gentleman if this is a unanimous report from the Ways and Means Committee?

Mr. COOPER of Tennessee. This is one bill I feel confident that there would not be a voice in the entire House raised against its passage. It comes with a unanimous report from the Committee on Ways and Means. In a word, it means that out of the funds held in the Treasury Department for claims for the people of Germany shall be held until they make proper provision for the payment of claims to American nationals.

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE AT PORT ARTHUR, TEX.

Mr. DIES. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H.R. 9526, with Senate amendments, to authorize the city of Port Arthur to construct and maintain a bridge, and concur in the Senate amendments.

Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object. Has that bill been on the Consent Calendar, and has it been objected to?

Mr. DIES. No; the bill passed the House and went to the Senate and the Senate amended it.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate amendments, as follows:

Page 1, lines 5 and 6, strike out "any commission designated by it" and insert "the Port Arthur Bridge Commission (hereinafter called the 'commission') hereby created."

Page 1, line 6, strike out "and assigns."

Page 2, lines 7 and 8, strike out "any commission designated by it, and its successors and assigns" and insert "the commission hereby created and its successors."

Page 2, lines 20 and 21, strike out "any commission designated by it, and its successors and assigns" and insert "the commission hereby created and its successors."

Page 3, after line 20, insert:

"Sec. 5. There is hereby created a body corporate and politic to be known as the 'Port Arthur Bridge Commission', which shall consist of five members approved by the mayor of Port Arthur subject to the approval of a majority of the city commission."

Page 3, after line 20, insert:

"Sec. 6. The commission shall consist of five members appointed by the mayor of Port Arthur, and shall be a body politic and corporate constituting a public-benefit corporation and shall be deemed a public body within the meaning of the National Industrial Recovery Act. The commission shall elect a chairman from its members and may establish rules and regulations for the government of its own business. Each member shall serve for a term of 5 years and until his successor has been appointed and has qualified, except that the initial terms of the members shall be respectively 1, 2, 3, 4, and 5 years. The initial term of the member elected chairman shall be 5 years, and the commission shall determine by lot the initial terms of the other members. The mayor of Port Arthur, with the approval of a majority of the city commission, may appoint a successor to hold office for the unexpired term of any member in whose office a vacancy shall occur by death, resignation, or otherwise. Each member shall qualify by giving such bond as may be fixed by the governing body of the city of Port Arthur conditioned for the faithful performance of all duties required by this act. Three members shall constitute a quorum for the transaction of business. No member shall receive a salary for his services as member, but each member shall be paid his actual expenses not exceeding \$5 per day in the performance of his duties hereunder. Members of the commission may be removed for cause by the mayor of Port Arthur and the majority of the city commission. The commission may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as it may deem necessary, who shall be entitled to receive such compensation as the commission may determine. All salaries and expenses shall be paid solely from the funds provided under the authority of this act."

Page 3, after line 20, insert:

"Sec. 7. The commission shall have all the powers and authority necessary or convenient for the carrying out of the purposes of this act, including (but without limitation) the following rights, powers, and authority:

"(a) To have perpetual succession as a corporation;

"(b) To sue and be sued, implead and be impleaded, complain and defend in all courts of law and equity;

"(c) To adopt, use, and alter a corporate seal;

"(d) To acquire, purchase, hold, use, lease, mortgage, sell, transfer, and dispose of any property, real, personal, or mixed, tangible or intangible, or any interest therein;

"(e) To make bylaws for the management and regulation of its affairs;

"(f) To appoint officers, agents, employees, and servants, to prescribe their duties and to fix their compensation;

"(g) To fix, alter, charge, and collect tolls and other charges and other evidences of indebtedness of the commission, and to

"(h) To borrow money, make and issue negotiable notes, bonds, and other evidences of indebtedness of the commission, and to secure the payment of such obligations or any thereof by mortgage, lien, pledge, or deed of trust upon all or any of the property of the commission, and to make agreements with the purchasers or holders of such obligations, or with others in connection with any such obligations, issued or to be issued, as the commission shall deem advisable, and in general to provide for the security for said obligations and the rights of the holders thereof;

"(i) To make contracts of every kind and nature and to execute all instruments necessary or convenient for the carrying on of its affairs; and

"(j) Without limitation of the foregoing, to borrow money from the United States Government or any corporation or agency created, designated, or established by the United States and to enter into contracts with the United States or such corporation or agency."

Page 3, after line 20, insert:

"Sec. 8. Without limiting any powers anywhere in this act granted to the commission, the commission is hereby authorized to provide for the payment of the cost of the bridge and its ap-

proaches and the necessary land, easements, and appurtenances thereto by an issue or issues of negotiable bonds of the commission and to secure the payment of all or any such bonds by mortgage, lien, pledge, or deed of trust upon all or any of its property. Said bonds shall be authorized by resolution of the commission and shall bear such date or dates, be in such forms and contain such provisions as the commission may determine and as may be provided in such resolution or in the mortgage or deed of trust or other instrument securing said bonds. Any resolution or resolutions authorizing such bonds may contain provisions, which shall be part of the contract with the holders of such bonds, as to (a) the rates of tolls and other charges to be charged by the commission for transit over or use of the bridge, (b) the registration of the bonds as to principal only or as to principal and interest, and the interchangeability and exchangeability of such bonds, (c) the issuance of temporary bonds or interim receipts pending the preparation of definitive bonds, and the terms and provisions of such temporary bonds or interim receipts, (d) the redemption of the bonds, and the price or prices, not exceeding 105 and accrued interest, at which they shall be redeemable, (e) the setting aside of reserves or sinking funds and the regulation and disposition thereof, (f) limitations upon the issuance of additional bonds, (g) the terms and provisions of any mortgage, deed of trust, or other instrument under which the bonds may be issued or by which they may be secured, and (h) any other or additional agreement, with the holders of such bonds. The bonds shall be signed by such officers as the commission shall determine, and coupon bonds shall have attached thereto interest coupons bearing the facsimile signature of the treasurer or other corresponding officer of the commission. Any such bonds may be issued and delivered, notwithstanding the fact that one or more of the officers signing such bonds, or the treasurer or corresponding officer whose facsimile signature shall be upon the coupons or any thereof, shall have ceased to be such officer or officers at the time when such bonds shall actually be delivered.

"The commission may enter into any mortgages, deeds of trust, indentures, or other agreements with any bank or trust company or other person or persons in the United States having power to enter into the same, including the United States Government or any corporation or agency designated or created by it, as security for the bonds, and may transfer, convey, mortgage, or pledge all or any of the property of the commission thereunder. Such mortgage, deed of trust, indenture, or other agreement may contain such provisions as may be customary in such instruments or as the commission may authorize, including (but without limitation) provisions as to (a) the terms and provisions of the bonds or the resolution providing for the issuance of the same, (b) the construction, operation, maintenance, repair, and insurance of the properties of the commission and the duties of the commission with reference thereto, (c) the application of funds and the safeguarding of funds on hand or on deposit, (d) the rights and remedies of such trustee and the holders of the bonds (which may include restrictions upon the individual right of action of bondholders), and (e) possession of the properties covered by such mortgage, deed of trust, indenture, or other agreement.

"The bonds of the commission may be sold in such manner, at such time or times, but no such price or prices as the commission may determine, but no such sale shall be made at a price which would make the interest cost to maturity on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values, exceed 6 percent per annum. The cost of the bridge shall be deemed to include interest during construction of the bridge, and for not exceeding 12 months thereafter, and all engineering, legal (architectural, traffic-surveying, and other expenses incident to the construction of the bridge and the acquisition of the necessary property, and incident to the financing thereof, including the cost of acquiring existing franchises, rights, plans, and works of and relating to the bridge, now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner if, in the judgment of the commission, such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided."

Page 3, after line 20, insert:

"Sec. 9. After payment of the bonds and interest and discharge of any other obligations of the commission, or after a sinking fund sufficient for such payment and discharge shall have been provided and shall be held for that purpose, the commission shall be authorized to deliver deeds or other suitable instruments of conveyance of the interest of the commission in and to the bridge, that part within the State of Texas to the State of Texas or any municipality thereof or any agency of said State or any such municipality as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the 'Texas interests'), and that part within the State of Louisiana to the State of Louisiana or to any municipality thereof or any agency of said State or any such municipality as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the 'Louisiana interests'), under the condition that the bridge shall thereafter be free of tolls and be properly maintained, operated, insured, and repaired by the Texas interests and the Louisiana interests, as may be agreed upon; but if either the Texas interests or the Louisiana interests shall not be authorized to accept or shall not accept the same under such conditions, the commission may transfer the bridge to either of said interests which shall so

accept the same, and if neither interest shall so accept the same, then the bridge shall continue to be owned, maintained, operated, insured, and repaired by the commission, and the rates of tolls shall be so adjusted as to provide a fund not to exceed the amount necessary for the proper maintenance, repair, insurance, and operation of the bridge and its approaches under economical management, including reasonable reserves, until such time as the Texas interests or the Louisiana interests, or both, shall be authorized to accept and shall accept such conveyance under the conditions aforesaid."

Page 3, after line 20, insert:

"Sec. 10. Nothing herein contained shall be construed to authorize or permit the commission or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds provided by this act. No obligation created or liability incurred pursuant to this act shall be an obligation or liability of any member or members of the commission, but shall be chargeable solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States."

Page 3, after line 20, insert:

"Sec. 11. All provisions of this act may be enforced, or the violation thereof prevented, by mandamus, injunction, or other appropriate remedy brought by the attorney general for the State of Texas, or by the attorney general for the State of Louisiana, or by the United States district attorney for the district in which the bridge may be located, in part, in any court having competent jurisdiction of the subject matter and of the parties."

Page 3, line 21, strike out "5" and insert "12."

Amend the title so as to read: "An act authorizing the city of Port Arthur, Tex., or the commission hereby created and its successors, to construct, maintain, and operate a bridge over Lake Sabine, at or near Port Arthur, Tex."

The SPEAKER. The question is on agreeing to the Senate amendments.

The Senate amendments were concurred in; and a motion to reconsider the vote by which the Senate amendments were concurred in was laid on the table.

LOANS MADE TO RECEIVERS OF CLOSED BANKS

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 9904) to amend section 5 of Public Act No. 2 of the Seventy-second Congress, as amended, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That section 5 of Public Act No. 2 of the Seventy-second Congress, as amended, be amended by adding the following sentence at the end of the second paragraph: "The limitation herein contained shall not apply to loans made to the receivers or other liquidating agents of closed banks, when made for the purpose of liquidation or reorganization."

With the following amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That section 5 of Public Act No. 2, of the Seventy-second Congress, as amended, be amended by striking out the period at the end of the second paragraph thereof and inserting in lieu thereof a colon, and the following: 'Provided, That such limitations shall not apply to advances to receivers or other liquidating agents of closed banks when made for the purpose of liquidation or of reorganization.'"

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. SNELL. Mr. Speaker, the gentleman spoke to me about this bill, and from what he said I thought there was nothing to object to. I should like to have an explanation of the bill before it goes through by unanimous consent.

Mr. BROWN of Michigan. The Committee on Banking and Currency unanimously reported out the bill.

Mr. SNELL. Is this the bill that the gentleman from Massachusetts [Mr. LUCE] spoke about?

Mr. BROWN of Michigan. Yes.

Mr. SNELL. Then I guess it is all right.

Mr. BROWN of Michigan. This has been approved by the ranking minority member of the Committee on Banking and Currency and by the chairman of that committee.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

TRADING WITH THE ENEMY ACT

Mr. CELLER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill, S. 852, to amend the Trading With the Enemy Act.

The SPEAKER. The gentleman from New York asks unanimous consent for the present consideration of the bill S. 852, which the Clerk will report.

The Clerk read the bill.

The SPEAKER. Is there objection?

Mr. TABER. Mr. Speaker, I object. This bill is too involved to consider at this time.

PUBLIC GRAZING LANDS

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6462) to stop injury to the public grazing lands, by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The SPEAKER. The Clerk will report the Senate amendments.

The Clerk read as follows:

Strike out all after the enacting clause down to and including "thereof", page 2, line 4, and insert "That in order to promote the highest use of the public lands pending its final disposal, the Secretary of the Interior is authorized, in his discretion, by order to establish grazing districts or additions thereto and/or to modify the boundaries thereof, not exceeding in the aggregate an area of 80 million acres of vacant, unappropriated, and unreserved lands from any part of the public domain of the United States (exclusive of Alaska), which are not in national forests, national parks and monuments, Indian reservations, re-vested Oregon & California Railroad grant lands, or re-vested Coos Bay Wagon Road grant lands, and which within his opinion are chiefly valuable for grazing and raising forage crops."

Page 2, line 7, strike out all after "thereof," down to and including "not" in line 9 and insert "Nothing in this act shall be construed in any way to diminish, restrict, or impair any right which has been heretofore or may be hereafter initiated under existing law, and which is maintained pursuant to law except as otherwise expressly provided in this act, nor to."

Page 2, line 11, after "State" insert "nor as limiting or restricting the power or authority of any State as to matters within its jurisdiction. Whenever any grazing district is established pursuant to this act, the Secretary shall grant to owners of land adjacent to such district, upon application of any such owner, such rights-of-way over the lands included in such district for stock-driving purposes as may be necessary for the convenient access by any such owner to marketing facilities or to lands not within such district owned by such person or upon which such person has stock-grazing rights."

Page 2, line 18, after "(471)" insert "as amended."

Page 2, line 21, after "specify" insert "Before grazing districts are created in any State as herein provided, a hearing shall be held in the State, after public notice thereof shall have been given, at such location convenient for the attendance of State officials, and the settlers, residents, and livestock owners of the vicinity, as may be determined by the Secretary of the Interior. No such district shall be established until the expiration of 90 days after such notice shall have been given, nor until 20 days after such hearing shall be held: *Provided, however*, That the publication of such notice shall have the effect of withdrawing all public lands within the exterior boundary of such proposed grazing districts from all forms of entry of settlement. Nothing in this act shall be construed as in any way altering or restricting the right to hunt or fish within a grazing district in accordance with the laws of the United States or of any State, or as vesting in any permittee any right whatsoever to interfere with hunting or fishing within a grazing district."

Page 3, line 8, strike out all after "range" down to and including "lands" in line 9.

Page 3, line 14, after "any" insert "willful."

Page 3, line 15, after "or" insert "of."

Page 3, lines 15 and 16, after "thereunder", insert "after actual notice thereof."

Page 3, line 16, strike out all after "\$500" down to and including "court" in line 18.

Page 3, line 25, and page 4, line 1, strike out "under his authority."

Page 4, line 4, strike out all after "and" down to and including "for" in line 10 and insert "to groups, associations, or corporations authorized to conduct business under the laws of the State in which the grazing district is located. Preference shall be given in the issuance of grazing permits to those within or near a district who are landowners engaged in the livestock business, bona fide occupants or settlers, or owners of water or water rights, as may be necessary to permit the proper use of lands, water or water rights owned, occupied, or leased by them, except that until July 1, 1935, no preference shall be given in the issuance of such per-

mits to any such owner, occupant, or settler, whose rights were acquired between January 1, 1934, and December 31, 1934, both dates inclusive, except that no renewal of any such permit shall be denied, if such denial will impair the value of the livestock unit of the permittee, if such unit is pledged as security for any bona fide loan. Such permits shall be for."

Page 4, line 21, strike out all after "exists:" down to and including "safeguarded", page 5, line 4, and insert "*Provided further*, That nothing in this act shall be construed or administered in any way to diminish or impair any right to the possession and use of water for mining, agriculture, manufacturing, or other purposes which has heretofore vested or accrued under existing law or which may be hereafter initiated or acquired and maintained in accordance with law. So far as consistent with the purposes and provisions of this act, grazing privileges recognized and acknowledged shall be adequately safeguarded, but the creation of a grazing district or the issuance of a permit pursuant to the provisions of this act shall not create any right, title, interest, or estate in or to the lands."

Page 5, line 10, after "approve," insert "Permittees shall be required by the Secretary of the Interior to comply with the provisions of law of the State within which the grazing district is located with respect to the cost and maintenance of partition fences."

Page 5, lines 13 and 14, strike out all after "occupant" down to and including "shall", in line 16, and insert "the reasonable value of such improvements to."

Page 5, line 20, strike out "may" and insert "shall."

Page 6, line 5, after "the", insert "acquisition."

Page 6, line 6, after "rights-of-way", insert "within grazing districts."

Page 6, line 8, strike out "nor" and insert "and."

Page 6, line 9, after "developing," insert "mining."

Page 6, line 10, strike out "valuable."

Page 6, line 24, after "*Provided*," insert "That upon the application of any person qualified to make homestead entry under the public-land laws, filed in the land office of the proper district, the Secretary of the Interior shall cause any tract not exceeding 320 acres in any grazing district to be classified, and such application shall entitle the applicant to a preference right to enter such lands when opened to entry as herein provided."

Page 6, strike out all of line 25 and down to and including "section", in line 4, page 7.

Page 7, line 7, strike out "be, and he hereby is, authorized, in his discretion," and insert "is authorized and directed."

Page 7, lines 10 and 11, strike out "hereby authorized, in his discretion," and insert "authorized and directed."

Page 7, line 12, after "any", insert "privately owned."

Page 7, line 13, strike out "district" and insert "district."

Page 7, line 14, after "of" where it occurs the first time, insert "surveyed."

Page 7, line 15, after "State", insert "or within a distance of not more than 50 miles within the adjoining State nearest the base lands."

Page 7, line 18, after "published", insert "by the Secretary of the Interior."

Page 8, line 19, after "thereon," insert "Upon application of any State to exchange lands within or without the boundary of a grazing district the Secretary of the Interior is authorized and directed, in the manner provided for the exchange of privately owned lands in this section, to proceed with such exchange at the earliest practicable date and to cooperate fully with the State to that end, but no State shall be permitted to select lieu lands in another State."

Page 8, line 22, after "stockmen", insert ", State land officials, and official State agencies engaged in conservation or propagation of wild life."

Page 8, line 23, strike out all after "districts" down to and including "minorities", page 9, line 1.

Page 9, line 3, after "for", insert "local hearings on."

Page 9, line 3, strike out "decision" and insert "decisions."

Page 9, line 4, after "charge", insert "in a manner similar to the procedure in the land department."

Page 9, line 19, after "available", insert ", when appropriated by the Congress."

Page 9, line 21, strike out "an additional."

Page 10, line 5, strike out all after "therein" down to and including "Congress", in line 7.

Page 10, line 24, strike out "agreements, the" and insert "agreements. The."

Page 11, line 8, strike out all after "interest" down to and including "met", in line 13, and insert "interest."

Page 11, line 22, strike out all after "United States" down to and including "hereby" in line 25, and insert "is."

Page 12, line 1, after "administration", insert "in any State where national forests may be created or enlarged by Executive order."

Page 12, line 17, after "act," insert "Nothing in this section shall be construed so as to limit the powers of the President (relating to reorganizations in the executive departments) granted by title 4 of the act entitled 'An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes', approved March 3, 1933."

Page 12, after line 17, insert:

"Sec. 14. That section 2455 of the Revised Statutes, as amended, is amended to read as follows:

"Sec. 2455. Notwithstanding the provisions of section 2357 of the Revised Statutes (U.S.C., title 43, sec. 678) and of the act of August 30, 1890 (26 Stat. 391), it shall be lawful for the Secretary of the Interior to order into market and sell at public auction, at the land office of the district in which the land is situated, for not less than the appraised value, any isolated or disconnected tract or parcel of the public domain not exceeding 760 acres, which, in his judgment, it would be proper to expose for sale after at least 30 days' notice by the land office of the district in which such land may be situated: *Provided*, That for a period of not less than 30 days after the highest bid has been received, any owner or owners of contiguous land shall have a preference right to buy the offered lands at such highest bid price, and where two or more persons apply to exercise such preference right the Secretary of the Interior is authorized to make an equitable division of the land among such applicants, but in no case shall the adjacent land owner or owners be required to pay more than three times the appraised price: *Provided further*, That any legal subdivisions of the public land, not exceeding 160 acres, the greater part of which is mountainous or too rough for cultivation, may, in the discretion of the said Secretary, be ordered into the market and sold pursuant to this section upon the application of any person who owns land or holds a valid entry of lands adjoining such tract, regardless of the fact that such tract may not be isolated or disconnected within the meaning of this section: *Provided further*, That this section shall not defeat any valid right which has already attached under any pending entry or location. The word "person" in this section shall be deemed to include corporations, partnerships, and associations."

Page 12, after line 17, insert:

"Sec. 15. The Secretary of the Interior is further authorized in his discretion, where vacant, unappropriated, and unreserved lands of the public domain are situated in such isolated or disconnected tracts of 640 acres or more as not to justify their inclusion in any grazing district to be established pursuant to this act, to lease any such lands to owners of lands contiguous thereto for grazing purposes, upon application therefor by any such owner, and upon such terms and conditions as the Secretary may prescribe."

Page 12, after line 17, insert:

"Sec. 16. Nothing in this act shall be construed as restricting the respective States from enforcing any and all statutes enacted for police regulation, nor shall the police power of the respective States be, by this act, impaired or restricted, and all laws heretofore enacted by the respective States or any thereof, or that may hereafter be enacted as regards public health or public welfare, shall at all times be in full force and effect."

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The SPEAKER. The question is on concurring in the Senate amendments.

The Senate amendments were concurred in.

PROCTORS' AND MARSHALS' FEES AND BONDS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent for the present consideration of the bill, H.R. 9091, to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty.

Mr. SNELL. Mr. Speaker, I reserve the right to object. I do not think we ought to bring up legislation like that at this hour.

Mr. KENNEY. That is a bill in which the bar associations of the country are interested.

Mr. SNELL. But I am not going to allow legislation to come up at this late hour which I am not familiar with. If I knew the bills, I would not object.

Mr. KENNEY. Will the gentleman reserve his objection?

Mr. SNELL. I will.

Mr. KENNEY. This bill came up the other day and was passed over without prejudice. It was explained to the House. The gentleman from Ohio was the only Member who asked for it to go over, and since then he has withdrawn any objection that he may have thought he had at that time.

This is a bill to reduce the cost of litigation. Today we have a situation where a vessel or other property is libeled and you are required to put up a bond in twice the amount. This reduces it to the amount of the claim—

Mr. SNELL. Now, who is here who knows about that bill? Some member of the Committee on the Judiciary?

Mr. KENNEY. Yes. It is reported favorably by the Committee on the Judiciary. As I understand, the bar associations would like to get it passed.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. KENNEY]?

Mr. BLANCHARD. Mr. Speaker, I object.

Mr. SNELL. Mr. Speaker, I am going to make a point of no quorum, if we are going to continue this kind of legislation at this late hour of night.

The SPEAKER. Will the gentleman withhold his point of order for a moment?

Mr. SNELL. Yes; I will withhold it temporarily.

EXTENSION OF REMARKS

Mr. GUYER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point on the bill H.R. 7997.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GUYER. Mr. Speaker, the unfavorable economic conditions now prevailing have produced a crisis in the affairs of a large number of colleges and universities not supported by taxation, institutions which depend upon the generosity of individuals and organizations moved by impulses of public welfare or scientific research. Into these institutions of learning have been poured the lives and money of self-sacrificing men and women ever since the beginning of civilized life on this continent. These institutions have lifted from the shoulders of the American taxpayer over half of the cost of higher education in this country. To these institutions this Nation owes an incalculable debt of gratitude for the superlative training of mind and crystallization of character which has been for years and is today the product of the unselfish devotion to the ideals of life and character which prevails in these colleges and universities.

At least 50 percent of the Membership of this House remembers with deathless gratitude the contribution of one of these colleges or universities to his exalted ideals, his character, and his success. There, where all our ambitions were cradled. There, where some great and beloved teacher flung the benediction of his shadow across the pavement of our lives. There, where, amid incomparable moral environment, habits of right thinking and right acting were indelibly impressed upon plastic mind and soul. The fact that many of us are here is evidence of our everlasting obligation to some one of these institutions now staggering under a load of debt not due to extravagance nor lack of intelligent and efficient administration, but to the economic conditions which alike have dragged down industry and private enterprise.

Teachers never adequately paid for their unselfish devotion to their work have had to suffer reductions in even the diminutive pittance formerly allowed in order to keep alive the torch of learning in these institutions. In the memory of every one of us who is an alumnus or alumna of one of these colleges is the recollection of some heroic teacher who, in his devotion to duty, has, figuratively at least, taken the vow of poverty and raveled out his life like a prodigal spendthrift in an unselfish devotion to humanity. His reward endures in the love and gratitude of those whose lives have been enriched by his immolation on the altar of duty. This Nation probably will never properly appreciate the debt it owes to these colleges, but it may, if Congress so decrees, help to perpetuate these institutions without in the end suffering any financial loss.

I have introduced in this Congress H.R. 7977, which seeks to amend the Reconstruction Finance Corporation Act so that this great governmental organization may be authorized to do for private colleges and universities what it has so constructively been doing directly for self-liquidating public enterprises such as bridges, waterworks, and like undertakings, and indirectly for private and corporate institutions which furnish material, and labor which does the work. While these institutions are financially embarrassed at present by reason of reduced income, it does not follow that they are without valuable properties and vast endowments.

Thousands of philanthropists of wealth have poured out their money like water into the treasuries of these colleges and universities, and other hard-working, self-sacrificing thousands have denied themselves many of the pleasures

and luxuries of life that they might make investments here that would live and bear fruit long after their humble names were forgotten. These institutions are not only rich in the sacrifices of myriads whose benevolences have blessed them, but in the finely husbanded resources accumulated in the progress of the years.

For the information of the House I insert here a comparison of the physical assets of these institutions with those of the public, tax-supported institutions:

	Public institutions (State controlled, tax supported)	Private institutions (nontax supported)
Buildings and grounds.....	\$470,000,000	\$1,000,000,000
Productive funds.....	122,000,000	1,225,000,000

This comparison demonstrates the fact that these institutions, though pressed desperately to keep up their very valuable and necessary work, are able to give ample security for loans which the Government, through the Reconstruction Finance Corporation could extend.

There are several distinct causes for the crisis which has overtaken these colleges:

First. Assets which heretofore have produced revenue have become unproductive, such as farm mortgages, the favorite investment for endowments.

Second. A large group of generous and regular contributors can now only respond with sympathetic letters of regret.

Third. Students fighting a losing battle at home with poverty and unemployment are unable to pay tuition and must be carried by the college.

These conditions have forced boards of trustees to reduce the salaries of teachers from 15 to 35 percent, and then these teachers are forced to wait months for their pay checks. Even in the old pioneer days of such educational institutions there were no more heroic sacrifices than are experienced by the devoted instructors of this present emergency.

The work of these colleges and universities is highly creative and constructive. A brief survey of the occupation or vocation followed by the alumni and alumnae of these colleges shows that a great preponderance enters the profession of the teacher. The teacher is the master builder. He molds and shapes the plastic mind and character of those entrusted to his care with more enduring results than anyone else with the possible exception of the mother. I have selected a few colleges where an analysis of the vocations followed by graduates shows the tendency to gravitate to the profession of teaching:

	Teaching	Medicine	Law
Huron College, Huron, S. Dak.....	202	14	9
Centre College, Danville, Ky.....	205	71	124
Coe College, Cedar Rapids, Iowa.....	650	67	35
Grove City College, Grove City, Pa.....	700	—	—
Hamilton College, Clinton, N. Y.....	676	200	802
Hanover College, Hanover, Ind.....	437	85	144
College of Wooster, Wooster, Ohio.....	1,701	581	—
James Milikin University, Decatur, Ill.....	225	7	12

These records from scattered colleges illustrate the preponderance of teachers as compared to those trained for other of the so-called "learned professions."

Most of the private colleges are owned and governed by churches, though not all of them. Their supreme object is to form and fix character along with instruction in science and art. I think we can readily agree that there was never a time in the history of this country when it needed more than it needs now the ballast of crystallized character and integrity of manhood and womanhood.

The psychology and the aftermath of the World War have profoundly influenced the moral life of this country as they have of the whole world. We do not admit that our condition is like that of continental Europe where moral and social standards have been revolutionized completely. Europeans tell us we are just as bad as they are,

only not equally frank. In this they are mistaken for we who know our America at the grass roots know that the great mass of Americans still love virtue and respect decency as a rule of life.

A writer of wide fame and of undoubted information tells us that, by reason of economic conditions coupled with the sort of moral vacation that obtained in one country of continental Europe during the World War, marriages in the first half of 1931 showed a decrease of 70,000 from what would have been the normal figure. The same period showed a decrease in births of 45,000 compared with the same period in 1930. Young men and girls live together outside of wedlock without in the least losing social caste or business standing. He intimates that like conditions prevail in a preponderant proportion of continental Europe. We are all familiar with conditions in Soviet Russia. We know that no such modification of morals has taken place in this country and we covet no such condition. But we cannot deny that there has been a subtle change in the attitude of our people toward matters involving morals. Topics of conversation once whispered in the sacred precincts of the ancient and honorable but now extinct livery stable, the pool hall and the barnyard, and which refinement once banished and gentle breeding once rebuked, are now not only tolerated but invited at the dinner table and in the drawing room.

What shall I say of our art? Of our music? Of our drama, if we possess anything worthy of the name? Of our literature? These things of the spirit should reflect our national life. Although our people are starved for good music, our music as we hear it on the radio and most other places is largely a jangling nightmare of jazz. Art? Do you recall a painting of the past decade which has captured the gaze of the public eye with its beauty or thought? With the exception of Borglum's creations at Stone Mountain and Mount Rushmore, which rival the massive and majestic grandeur of ancient Egypt, our art for a quarter of a century has produced nothing worthy of serious notice.

Literature? Books? One is inclined to resort to the veil of charity here. There is no end of books, but what about their quality and the moral tendency they provoke? I have in mind two books that will serve as examples of the great mass of current popular literature. One was written by a man and the other by a woman. Both were very widely read. Both were best sellers. The former, critics declare, is one of the great books of recent years, yet it contains descriptions of what was once considered unprintable outside the limits of purely pornographic literature. It was a best seller in the most respectable communities. The latter was very highly praised by the critics, but was so vile that a reputed heathen nation protested parts of it pertaining to the country involved. It, too, was a best seller. I do not intend to declare that this is the rule with all of our current books, nor intimate that to be read a book must be risqué. I am merely calling attention to some best sellers which should indicate the public taste.

The cinema or movie? The so-called "silver screen"? Sensuality enthroned! Sex deified! Vice lionized! We should not blame too much the picture industry. Its business is to give the public what the public wants. The product of that industry is like a stream that reflects very accurately the demands of the movie-picture public. We must not blame the stream if, when we gaze upon its surface, it reflects a picture of diabolism and lechery. Art, music, drama, and literature form the mirror in which we can read the life and soul of a people. At times these become distorted by temporary tides of emotion and are soon normally adjusted and we get back to sanity and our old-time good taste and a sense of the eternal fitness of things.

I know of no better agent to care for such a situation than these colleges where character is at a premium and where high ideals obtain. I know of no better antidote for our seeming retrograde movement since the World War than these colleges which today, in many cases, are in danger of collapse. This is no reflection on our fine State universities, though it would seem that some of our great eastern institu-

tions were sometimes the rendezvous of inimical propaganda and subversive instruction.

In conclusion, I want to add that I can think of no finer investment which promises safer security than these colleges which have been one unmixed benediction to this great country from its infancy to its ripe maturity.

JENNIE BRUCE GALLAHAN—VETO MESSAGE FROM THE PRESIDENT (H.DOC. NO. 401)

The SPEAKER laid before the House the following message from the President of the United States:

To the House of Representatives:

I return herewith without my approval H.R. 2035, entitled "An act for the relief of Jennie Bruce Gallahan."

This act would authorize and direct the Secretary of the Treasury to pay to the said Jennie Bruce Gallahan, from the Federal Treasury, the sum of \$5,000 as compensation for the death of her husband, Samuel L. Gallahan, late lieutenant of the District of Columbia Fire Department, while engaged in the performance of his official duties.

I am advised that Mrs. Gallahan is now receiving from the Policemen and Firemen's Relief Fund of the District of Columbia the maximum pension of \$60 per month for her personal use and \$10 per month for a child under the age of 16 years. This fund was created for the express purpose of affording relief to dependent widows and children of policemen and firemen who unfortunately suffer death in the performance of their official duties. In reporting upon this bill the Board of Commissioners of the District of Columbia made the following statement, with which I concur:

The Commissioners regret that it is necessary for them to oppose the passage of this bill. Its enactment into law would create a very bad precedent and there would be a flood of requests for special legislation of like character in every instance where death or injury to policemen or firemen occurred in line of duty. The pension system was created to cover the cases of the death or injury of policemen and firemen, and Mrs. Gallahan is receiving the maximum sum permitted under the law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 13, 1934.

The SPEAKER. The objections of the President will be spread upon the Journal.

Mr. BLACK. Mr. Speaker, I move that the President's veto message be referred to the Committee on the District of Columbia and ordered printed.

The motion was agreed to.

RICHARD A. CHAVIS—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H.DOC. NO. 402)

The SPEAKER laid before the House the following message from the President of the United States:

To the House of Representatives:

I return herewith without my approval H.R. 2032, "An act for the relief of Richard A. Chavis."

This bill provides that in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Richard A. Chavis, who served as a member of Company L, Second South Carolina Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from said service on the 19th day of April 1899: *Provided*, That no pension, pay, or bounty shall be held to have accrued by reason of the enactment of this act: *Provided further*, That the rights, privileges, and benefits conferred upon Richard A. Chavis by reason of the enactment of this act shall be limited to admission to a soldiers' home under the regulations governing such admission: *And provided further*, That he shall be entitled to such medical care as is usually accorded inmates of such home while resident therein.

The official records of the War Department, as set forth in the House committee report on this bill, No. 136, show that Chavis was a deserter, was apprehended, tried by a summary court, and sentenced for desertion; that his service

was not honest and faithful and that he was discharged without honor.

I am advised by the Administrator of Veterans' Affairs that if this bill should be approved, the present regulations of the Veterans' Administration will not permit the extension of domiciliary care to this veteran, since he entered the service on the date following the termination date for service in the Spanish-American War.

The right of this veteran to domiciliary care is not dependent, therefore, upon his honorable discharge from the service, for that right is not enjoyed by many men whose service was honest and faithful, but who entered service after the termination of war.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 13, 1934.

The SPEAKER. The objections of the President will be spread upon the Journal.

Mr. BYRNS. Mr. Speaker, I move that the veto message and the bill be referred to the Committee on Military Affairs and printed.

The motion was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SWANK, at the request of Mr. JOHNSON of Oklahoma, indefinitely, on account of important business.

To Mr. HAINES, for 3 days, on account of funeral.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills, a joint resolution, and a concurrent resolution of the House of the following titles:

- H.R. 206. An act for the relief of Pierre E. Teets;
- H.R. 363. An act for the relief of James Moffitt;
- H.R. 387. An act donating bronze trophy guns to the Cohoes Historical Society, Cohoes, N.Y.;
- H.R. 452. An act for the relief of Laura B. Crampton;
- H.R. 471. An act for the relief of Physicians and Surgeons Hospital, Ltd.;
- H.R. 529. An act for the relief of Morris Spirt;
- H.R. 740. An act for the relief of Wade Dean;
- H.R. 1133. An act for the relief of Silas B. Lawrence;
- H.R. 1306. An act for the relief of Clarence A. Wimley;
- H.R. 1308. An act for the relief of John Parker Clark, Sr.;
- H.R. 1345. An act for the relief of John Parker Clark, Jr.;
- H.R. 1354. An act for the relief of C. V. Mason;
- H.R. 1503. An act to amend the act entitled "An act to create the California Débris Commission and regulate hydraulic mining in the State of California", approved March 1, 1893, as amended;
- H.R. 1567. An act amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court;
- H.R. 1731. An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes;
- H.R. 1766. An act to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties;
- H.R. 1769. An act for the relief of Jeannette S. Jewell;
- H.R. 1792. An act for the relief of Michael Petrucci;
- H.R. 2038. An act for the relief of Jeanie G. Lyles;
- H.R. 2326. An act for the relief of Emma R. H. Taggart;
- H.R. 2416. An act for the relief of Mrs. George Logan and her minor children, Lewis and Barbara Logan;
- H.R. 2632. An act for the relief of Wilson G. Bingham;
- H.R. 3054. An act for the relief of Christopher Cott;
- H.R. 3084. An act authorizing the sale of portions of the Pueblo lands of San Diego to the city of San Diego, Calif.;
- H.R. 3161. An act for the relief of Henry Harrison Griffith;
- H.R. 3176. An act for the relief of Ernest Elmore Hall;

H.R. 3243.—An act for the relief of Harry E. Good, administrator de bonis non of the estate of Ephraim N. Good, deceased;

H.R. 3295. An act for the relief of the estate of White B. Miller;

H.R. 3296. An act for the relief of Carl F. Castleberry;

H.R. 3318. An act to reimburse Earl V. Larkin for injuries sustained by the accidental discharge of a pistol in the hands of a soldier in the United States Army;

H.R. 3595. An act for the relief of St. Ludgers Catholic Church of Germantown, Henry County, Mo.;

H.R. 3606. An act for the relief of William Sheldon;

H.R. 3705. An act for the relief of Julia E. Smith;

H.R. 3748. An act for the relief of Mary Orinski;

H.R. 3791. An act for the relief of Gustav Welhoelter;

H.R. 3793. An act for the relief of Anthony Hogue;

H.R. 3912. An act for the relief of Roland Zolesky;

H.R. 4082. An act for the relief of John J. Corcoran;

H.R. 4224. An act to authorize the Postmaster General to hire vehicles from postal employees;

H.R. 4387. An act for the relief of Mary A. Rockwell;

H.R. 4446. An act for the relief of E. E. Hall;

H.R. 4579. An act for the relief of Dr. Charles T. Granger;

H.R. 4659. An act for the relief of Carleton-Mace Engineering Corporation;

H.R. 4666. An act for the relief of Jerry O'Shea;

H.R. 4670. An act for the relief of Lyman D. Drake, Jr.;

H.R. 4838. An act for the relief of the Massachusetts Bonding & Insurance Co., a corporation organized and existing under the laws of the State of Massachusetts;

H.R. 4952. An act for the relief of Theodore W. Beland;

H.R. 4957. An act for the relief of F. M. Peters and J. T. Akers;

H.R. 5018. An act to correct the naval records of former members of the crews of the revenue cutters *Algonquin* and *Onondaga*;

H.R. 5031. An act for the relief of Edith L. Peeps;

H.R. 5344. An act granting a franking privilege to Grace G. Coolidge;

H.R. 5357. An act for the relief of Alice M. A. Damm;

H.R. 5584. An act for the relief of William J. Kenely;

H.R. 5606. An act for the relief of W. R. McLeod;

H.R. 5809. An act to provide compensation for Robert Rayford Wilcoxson for injuries received in citizens' military training camp;

H.R. 6864. An act to authorize the payment of expenses of delegates of the Yakima Confederated Tribes of Indians while on a mission to represent such tribes before Congress and the executive departments at the seat of government, and for other purposes;

H.R. 5947. An act authorizing adjustment of the claim of the Western Union Telegraph Co.;

H.R. 6037. An act to exempt from taxation certain property of the National Society of the Sons of the American Revolution;

H.R. 6238. An act for the relief of M. R. Welty;

H.R. 6284. An act for the relief of John R. Novak;

H.R. 6324. An act for the relief of Mabel Carver;

H.R. 6350. An act for the relief of Arthur Smith;

H.R. 6366. An act making appropriation to restore water of high mineral content on land owned and controlled by the Federal Government;

H.R. 6497. An act for the relief of James Henry Green;

H.R. 6622. An act authorizing the Secretary of Commerce to lease certain Government land at Woods Hole, Mass.;

H.R. 6625. An act for the relief of Charles Farr;

H.R. 6696. An act for the relief of William T. Roche;

H.R. 6781. An act to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions;

H.R. 6898. An act authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or sever-

ally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans.;

H.R. 6998. An act for the relief of Capt. Frank J. McCormack;

H.R. 7067. An act for the relief of St. Anthony's Hospital at Michigan City, Ind.; Dr. Russell A. Gilmore; Emily Molzen, nurse; and the Hummer Mortuary;

H.R. 7107. An act for the relief of Frank Baglione;

H.R. 7121. An act authorizing the Secretary of the Treasury to pay Dr. A. W. Pearson, of Peever, S.Dak., and the Peabody Hospital, at Webster, S.Dak., for medical services and supplies furnished to Indians;

H.R. 7161. An act to provide for the refund or abatement of the customs duty on altar candlesticks and cross imported for the Church of the Good Shepherd, Memphis, Tenn.;

H.R. 7230. An act for the relief of J. B. Hudson;

H.R. 7264. An act for the relief of M. N. Lipinski;

H.R. 7272. An act for the relief of John W. Adair;

H.R. 7348. An act to amend section 3937 of the Revised Statutes;

H.R. 7372. An act for the relief of Donald K. Warner;

H.R. 7387. An act for the relief of Royce Wells;

H.R. 7428. An act providing for the transfer of certain lands from the United States to the city of Wilmington, Del., and from the city of Wilmington, Del., to the United States;

H.R. 7631. An act for the relief of Arthur A. Burn, Sr., and J. K. Ryland;

H.R. 7670. An act relating to conveyance of letters by private hands without compensation, or by special messenger employed for the particular occasion only;

H.R. 7697. An act for the relief of William Chinsky;

H.R. 7781. An act for the relief of Rosemund Pauline Lowry;

H.R. 7816. An act for the relief of Oswald H. Halford, Hunter M. Henry, William C. Horne, Rupert R. Johnson, David L. Lacey, William Z. Lee, Fenton F. Rodgers, Henry Freeman Seale, Felix M. Smith, Edwin C. Smith, Robert S. Sutherland, and Charles G. Ventress;

H.R. 7893. An act for the relief of Ralph LaVern Walker;

H.R. 7953. An act for the relief of the Dallas County Chapter of the American Red Cross;

H.R. 8108. An act for the relief of Jeannette Weir;

H.R. 8115. An act for the relief of May L. Marshall, administratrix of the estate of Jerry A. Litchfield;

H.R. 8328. An act for the relief of the heirs of C. K. Bowen, deceased;

H.R. 8460. An act to amend section 392 of title 5 of the United States Code;

H.R. 8513. An act to authorize the coinage of 50-cent pieces in commemoration of the boyhood home of Gen. Thomas J. (Stonewall) Jackson;

H.R. 8514. An act authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property;

H.R. 8587. An act to extend the benefits of the Employees' Compensation Act of September 7, 1916, to William Thomas;

H.R. 8644. An act to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy;

H.R. 8650. An act for the relief of B. J. Sample;

H.R. 8688. An act for the relief of Stella E. Whitmore;

H.R. 8700. An act to establish a code of laws for the Canal Zone, and for other purposes;

H.R. 8727. An act for the relief of the First State Bank & Trust Co., of Mission, Tex.;

H.R. 8728. An act authorizing the Secretary of War to lease or to sell certain lands and buildings, known as Camp Eagle Pass, Tex., to the city of Eagle Pass, Tex.;

H.R. 8833. An act to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Colony of Connecticut;

H.R. 8909. An act to authorize the Secretary of the Treasury to amend the contract for sale of post-office building and site at Findlay, Ohio;

H.R. 8930. An act to provide for the construction and operation of a vessel for use in research work with respect to ocean fisheries;

H.R. 9007. An act to amend section 11 of the District of Columbia Alcoholic Beverage Control Act;

H.R. 9234. An act to amend section 601(c) (2) of the Revenue Act of 1932;

H.R. 9326. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near York Furnace, Pa.;

H.R. 9371. An act to authorize the incorporated town of Douglas City, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding \$40,000;

H.R. 9401. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Middletown, Dauphin County, Pa.;

H.R. 9402. An act to authorize the incorporated town of Fairbanks, Alaska, to undertake certain municipal public works, including construction, reconstruction, and extension of sidewalks; construction, reconstruction, and extension of sewers; and construction of a combined city hall and fire-department building, and for such purposes to issue bonds in any sum not exceeding \$50,000;

H.R. 9571. An act granting the consent of Congress to the county commissioners of Essex County, in the State of Massachusetts, to construct, maintain, and operate a free highway bridge across the Merrimack River, in the city of Lawrence, Mass.;

H.R. 9617. An act to authorize the reduction of the required distance between liquor distilleries and rectifying plants and to authorize higher fences around distilleries;

H.R. 9645. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Washington, Mo.;

H.R. 9646. An act to authorize the acquisition of additional land for the Upper Mississippi River Wild Life and Fish Refuge;

H.R. 9721. An act authorizing the Spencer County Bridge Commission, of Spencer County, Ind., to construct, maintain, and operate a toll bridge across the Ohio River between Rockport, Ind., and Owensboro, Ky.;

H.J.Res. 341. Joint resolution authorizing an appropriation for the participation of the United States in the International Celebration at Fort Niagara, N.Y.; and

H.Con.Res. 43. Concurrent resolution authorizing the printing of the proceedings held in connection with the unveiling of the statue of William Jennings Bryan in Washington, D.C., May 3, 1934.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 21. Concurrent resolution establishing a joint committee to investigate the question of participation by the Government in the Centennial of the Independence of the Republic of Texas.

The message also announced that the Senate agrees to the amendment of the House to a bill of the following title:

S. 3230. An act creating the Florence Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Missouri River at or near Florence, Nebr.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.Con.Res. 20. Concurrent resolution authorizing the printing of additional copies of the hearings held before the

Committee on Foreign Relations of the Senate on the resolution (S.Res. 278), "St. Lawrence waterway", Seventy-second Congress, second session.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 541. An act for the relief of John P. Leonard;

H.R. 2439. An act for the relief of William G. Burress, deceased;

H.R. 3032. An act for the relief of Paul Jelna;

H.R. 4460. An act to provide for the payment of compensation to George E. Q. Johnson;

H.R. 7982. An act to establish a national military park at the Battlefield of Monocacy, Md.;

H.R. 8525. An act to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of class B in residential districts;

H.R. 9002. An act to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes; and

H.R. 9745. An act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2347. An act to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 47 minutes p.m.) the House adjourned until tomorrow, Thursday, June 14, 1934, at 12 o'clock noon.

503. Under clause 2 of rule XXIV, a letter from the Secretary of the Treasury, transmitting a draft of a proposed joint resolution to protect the revenue by regulation of the traffic in containers of distilled spirits, with recommendation for its enactment, was taken from the Speaker's table and referred to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JAMES: Committee on Military Affairs. H.R. 9562. A bill granting certain lands to the University of Utah in Salt Lake County, Utah; with amendment (Rept. No. 1970). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. House Joint Resolution 370. Joint resolution to protect the revenue by regulation of the traffic in containers of distilled spirits; without amendment (Rept. No. 1972). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. S. 2987. An act to restore homestead rights in certain cases; without amendment (Rept. No. 1976). Referred to the Committee of the Whole House on the state of the Union.

Mr. KENNEY: Committee on Interstate and Foreign Commerce. S. 3553. An act to provide for the creation of a commission to examine into and report the clear height above the water of the bridge authorized to be constructed over the Hudson River from Fifty-seventh Street, New York, to New Jersey; without amendment (Rept. No. 1977). Referred to the House Calendar.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 1948. An act amending the act entitled "An act authorizing the Court of Claims to hear, determine, and render judgment in the civilization fund claim of the Osage Nation of Indians against the United States", approved February 6, 1921 (41 Stat. 1097); with amendment (Rept. No. 1979).

Referred to the Committee of the Whole House on the state of the Union.

Mr. HAINES: Committee on the Post Office and Post Roads. H.R. 9756. A bill to authorize the establishment and maintenance of an industrial plant at Reedsville, W. Va.; with amendment (Rept. No. 1980). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOXEY: Committee on Agriculture. H.R. 3829. A bill to regulate the importation of milk and cream and milk and cream products into the United States for the purpose of promoting the dairy industry of the United States and protecting the public health; without amendment (Rept. No. 1981). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOXEY: Committee on Agriculture. S. 3113. A bill to add certain lands to the Malheur National Forest in the State of Oregon; without amendment (Rept. No. 1982). Referred to the Committee of the Whole House on the state of the Union.

Mr. MEAD: Committee on the Post Office and Post Roads. H.R. 9867. A bill amending the Independent Offices Appropriation Act of 1935; with amendment (Rept. No. 1983). Referred to the Committee of the Whole House on the state of the Union.

Mr. JOHNSON of West Virginia: Committee on the Post Office and Post Roads. H.R. 9355. A bill to increase the postage charge for the return of dead letters and to provide for the collection of a registry fee upon such letters when containing money; without amendment (Rept. No. 1986). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROSSER: Committee on Interstate and Foreign Commerce. H.R. 9911. A bill to provide a retirement system for railroad employees, and thereby to provide unemployment relief, and for other purposes; with amendment (Rept. No. 1988). Referred to the Committee of the Whole House on the state of the Union.

Mr. MUSSELWHITE: Committee on the Post Office and Post Roads. S. 822. An act to amend the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States', approved March 4, 1909", approved January 11, 1929, with respect to the use of the mails for the shipment of certain drugs and medicines to cosmetologists and barbers; without amendment (Rept. No. 1989). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McFARLANE: Committee on Naval Affairs. H.R. 7999. A bill to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men; without amendment (Rept. No. 1973). Referred to the Committee of the Whole House.

Mr. KNIFFIN: Committee on Naval Affairs. H.R. 8939. A bill for the relief of Herbert L. Stafford; without amendment (Rept. No. 1974). Referred to the Committee of the Whole House.

Mr. MOTT: Committee on the Public Lands. H.R. 9610. A bill for the relief of Ivan H. McCormack; without amendment (Rept. No. 1975). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H.R. 7386. A bill for the relief of George Francis Grundy; without amendment (Rept. No. 1978). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H.R. 5568. A bill for the relief of A. W. Duckett & Co., Inc.; without amendment (Rept. No. 1934). Referred to the Committee of the Whole House.

Mr. COLLINS of California: Committee on Indian Affairs. H.R. 9446. A bill authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims

against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles; without amendment (Rept. No. 1985). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. STEAGALL: A bill (H.R. 9915) to amend section 12B of the Federal Reserve Act, as amended; to the Committee on Banking and Currency.

By Mr. CALDWELL: A bill (H.R. 9916) to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to private corporations to aid in constructing and maintaining facilities for the marketing, storing, warehousing, and/or processing of forest products; to the Committee on Banking and Currency.

By Mr. REECE: A bill (H.R. 9917) to exclude from the Great Smoky Mountains National Park the lands of Charles Murphy and Horace Murphy; to the Committee on the Public Lands.

By Mr. KNUTSON: A bill (H.R. 9918) to place an embargo on rye; to the Committee on Ways and Means.

By Mr. GUYER: A bill (H.R. 9919) to amend section 3 of the act entitled "An act for the retirement of employees of the classified civil service, and for other purposes", approved May 22, 1920, and acts in amendment thereof, to extend benefits of retirement legislation to employees of the clerk of the Supreme Court of the District of Columbia; to the Committee on the Civil Service.

By Mr. BANKHEAD: Resolution (H.Res. 437) for the consideration of H.R. 9861, a bill to amend the Railway Labor Act, approved May 20, 1926, and to provide for the prompt disposition of disputes between carriers and their employees; to the Committee on Rules.

By Mr. SIROVICH: Resolution (H.Res. 438) stating that the Government of the United States, in its executive department, is a great business enterprise with a capital, number of employees, and scope of functions beyond any commercial organization in the Nation; to the Committee on Expenditures in the Executive Departments.

By Mr. McSWAIN: Resolution (H.Res. 439) authorizing the expenditure of not to exceed \$20,000, in addition to the amount authorized by House Resolution 284, Seventy-third Congress, second session, to continue the investigation authorized and directed by House Resolution 275, Seventy-third Congress, second session; to the Committee on Accounts.

By Mr. HESS: Joint resolution (H.J.Res. 372) to authorize the Attorney General of the United States to transfer certain documents to the Library of Congress; to the Committee on the Library.

By Mr. DOUGHTON: Joint resolution (H.J.Res. 373) to protect the revenue by requiring information concerning the disposition of substances used in the manufacture of distilled spirits; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOWELL: A bill (H.R. 9920) for the relief of Merton E. Bent; to the Committee on Claims.

By Mr. FADDIS: A bill (H.R. 9921) for the relief of Sarah Elizabeth Ballentyne; to the Committee on Claims.

By Mrs. GREENWAY: A bill (H.R. 9922) for the relief of Annie E. Daniels; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5127. By Mr. ANDREW of Massachusetts: Petition adopted by the General Court of Massachusetts, favoring legislation providing for a system of retirement for railroad

employees; to the Committee on Interstate and Foreign Commerce.

5128. By Mr. CONDON: Petition of the Cranston Branch, Young Men's Democratic League of Rhode Island, supporting House bill 9177, authorizing the Reconstruction Finance Corporation to loan the sum of \$12,000,000 to the Respass Aeronautical Corporation, of Cranston, R.I., for the construction and operation of two suspension-bridge-type airships in trans-Atlantic service; to the Committee on Banking and Currency.

5129. By Mr. JAMES: Petition in the nature of a request of the Iron River Mine Workers, No. 125, through J. T. Sutherland, of Stambaugh, Mich., requesting that a committee be appointed for the purpose of investigation of the metalliferous mining industry to the end that some measure of justice may be had for the workers engaged in this hazardous and unhealthful occupation; to the Committee on Labor.

5130. By Mr. LEHR: Petition of the Michigan Chapter of International Federation of Catholic Alumnae, urging Congress to pass Senate bill 2910, with amendment 301 unchanged, which would allocate 25 percent of all radio facilities to nonprofit organizations; to the Committee on Merchant Marine, Radio, and Fisheries.

5131. By Mr. LINDSAY: Petition of the Port of New York Authority, New York City, opposing the passage of House bill 9201 and Senate bill 3553; to the Committee on Interstate and Foreign Commerce.

5132. Also, petition of Post & McCord, Inc., A. J. Post, president, New York City, opposing the enactment of the Wagner labor-disputes bill (S. 2926); to the Committee on Labor.

5133. Also, petition of the Tisdale Coal Co., Inc., Astoria, Long Island, N.Y., opposing the amended Wagner labor-disputes bill; to the Committee on Labor.

5134. Also, petition of the Pilgrim Laundry, Inc., Brooklyn, N.Y., opposing the Industrial Adjustment Act; to the Committee on Labor.

5135. Also, petition of the American Train Dispatchers Association, Yonkers, N.Y., urging enactment of House bills 9861 and 9596 before adjournment; to the Committee on Interstate and Foreign Commerce.

5136. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, favoring enactment of

the Hatfield-Wagner bill; to the Committee on Interstate and Foreign Commerce.

5137. By Mrs. ROGERS of Massachusetts: Petition of the Senate and House of Representatives of the State of Massachusetts, memorializing Congress in favor of legislation providing for a retirement system for railroad employees; to the Committee on Interstate and Foreign Commerce.

5138. By Mr. RUDD: Petition of the Tisdale Coal Co., Inc., Astoria, Long Island, N.Y., opposing the Wagner disputes bill; to the Committee on Labor.

5139. Also, petition of the Pilgrim Laundry, Inc., Brooklyn, N.Y., opposing the Wagner disputes bill; to the Committee on Labor.

5140. Also, petition of Post & McCord, steel construction, New York City, opposing the Wagner disputes bill; to the Committee on Labor.

5141. Also, petition of the Port of New York Authority, New York City, opposing House bill 9201 and Senate bill 3553; to the Committee on Interstate and Foreign Commerce.

5142. By Mr. TRAEGER: Petition of the American Technotax Society, urging legislation appropriating \$100,000, or as may be required, to conduct a comprehensive survey of the man power or man displacement of machines and equipment used in mass production; that the survey be conducted by recognized economists and technicians appointed by the President with a view to furnishing data which the Congress of the United States may use as a factual basis for the enactment of graduated taxes on mass-production machinery to benefit and protect American workers and stabilize industrial progress; to the Committee on Appropriations.

5143. Also, petition of the Echo Park Post, No. 414, the American Legion, Los Angeles, Calif., urging that the entire operation of the State emergency relief administration be opened to Federal investigation immediately in order to determine the following desired information: (1) Names of officials, salaries received, employment capacity, and qualifications; (2) previous payments to said officials out of public funds for relief work; and (3) length of time spent on paid-relief work also on Civil Works Administration assignments; to the Committee on Banking and Currency.

5144. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, memorializing Congress in favor of legislation providing for a retirement system for railroad employees; to the Committee on Interstate and Foreign Commerce.